

February 24 1992

Behind the throne

Algeria	100.00	Indonesia	100.00	Philippines	100.00
Argentina	100.00	Iran	100.00	Poland	100.00
Australia	100.00	Italy	100.00	Portugal	100.00
Belgium	100.00	Japan	100.00	Romania	100.00
Canada	100.00	Korea	100.00	Slovakia	100.00
Denmark	100.00	Malaysia	100.00	Slovenia	100.00
France	100.00	Mexico	100.00	Sri Lanka	100.00
Germany	100.00	Norway	100.00	Taiwan	100.00
Greece	100.00	Spain	100.00	Thailand	100.00
Hungary	100.00	Sweden	100.00	Turkey	100.00
Ireland	100.00	Switzerland	100.00	USA	100.00
Israel	100.00	UK	100.00		

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER



BURMA
Asian silence over human rights abuse
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Newspaper of the Year

Tuesday February 25 1992

Φ D 8523A

World News Business Summary

Opinion poll questions Bush's chance of re-election

A Newsweek opinion poll shows that only 44 per cent of Americans believe President George Bush is likely to be re-elected. The poll, in which nearly three-quarters of respondents said Mr Bush was not doing enough on the economy, detracts from the president's victory over Patrick Buchanan in the Maine caucus.

Airbus design changes
Airbus Industrie has been ordered by the French government to make changes to the cockpit design of the A320. Last month an A320 crashed in eastern France, killing 87.

Front narrowly beaten
The French centre-right UDF only narrowly beat the extreme right-wing National Front in the second round of the Nice by-election, confirming that Jean-Marie Le Pen's NF party is gaining political ground.

Cost of North Sea safety
North Sea operators may be required to spend more than £1.7bn (\$3bn) on improving safety after findings from an inquiry into the 1988 Piper Alpha tragedy in which 187 workers died.

Deadline for N Korea
North Korea has been given until June by the US to resolve issues over nuclear weapons and to agree to international inspections.

Sikh leader selected
Sikh politician Beant Singh was asked to form the first government in India's Punjab state after five years of direct rule from New Delhi. Meanwhile, Sikh militants shot dead five people for voting in last week's elections.

Toxic oil hearings
Survivors of Spain's 1981 toxic oil tragedy, which killed up to 60 people, were locked out of the supreme court in Madrid at the start of appeal hearings. The state prosecutor is seeking stiffer penalties for merchants convicted of selling contaminated cooking oil.

Iraq denies UN report
Iraq dismissed as "political propaganda" a UN report accusing Baghdad of serious human rights violations.

Keating criticised
Remarks by Australian prime minister Paul Keating saying that his country was moving away from traditional ties with Britain drew fierce criticism from political rivals.

Haitian repatriation
The US Supreme Court upheld the Bush administration's forced repatriation of Haitian refugees. The decision came after exiled president Jean-Bertrand Aristide reached a deal to set up a "consensus government" in Haiti prior to his return to power.

Ivory Coast unrest
Troops in the Ivory Coast fired tear gas and stun grenades to disperse opposition supporters demanding the release of Laurent Gbagbo, arrested after the country's most serious political riots.

Kidnap victim freed
Guerrillas freed Japanese businessman Koji Nakagawa in the Colombian town of Mocoa where he was kidnapped three weeks ago. A ransom of several thousand dollars was paid, local reports said.

US film wins at Berlin
Grand Canyon, a Hollywood film about the decay of urban America, won the Golden Bear award for best picture at the Berlin film festival.

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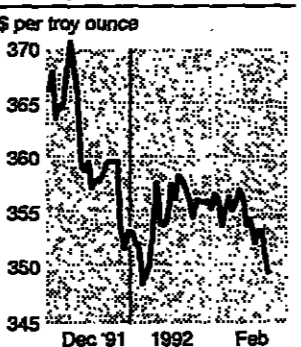
Rolls-Royce sales slump blamed for Vickers' loss

Vickers, the Rolls-Royce Motor Cars and Challenger tanks group, cut its final dividend after incurring a loss of £12.4m (\$21.7m) before tax in 1991, down from a pre-tax profit of £96.5m.

OLYMPIA & York, property developer owned by Canada's Reichmann family, has seen the value of its listed investments fall by 44 per cent in the past two years.

DOW JONES Industrial Average gained 2.33 points to close at a record high of 3,282.42.

GOLD closed below \$350 a troy ounce on the London market.



don bullion market in lethargic trading dominated by technical factors.

STEELTELE, UK building materials group fighting a £600m (\$1bn) hostile bid, is taking legal action against the Gobbitt family which in 1990 sold its 49.9 per cent stake to the family.

RENOWN, Japanese clothing maker which recently acquired Aquascutum of the UK, reported a pre-tax annual loss of ¥3.2bn (\$40m) to the end of December.

FRENCH economic growth ground to a halt in the final quarter last year, as a collapse in industrial output brought a pause in recovery.

AUSTRALIA has been overtaken by the EC as the world's largest beef exporter.

VIAG, fast-growing German conglomerate, revealed record sales and after-tax profits of DM405m (\$245.4m) for 1991.

AIR FRANCE chairman, Bernard Attali, has urged Europe's competition policymakers to allow large European airlines to merge with other carriers.

HUNGARY has improved on targets set by the IMF to record its healthiest balance of payments.

SAAB Auto, Swedish car manufacturer, has reported a SEK1.39bn (\$232m) loss, after financial items, for 1991, down from a loss of SEK4.64bn in 1990.

AMERICAN Express, US charge card company, is considering cutting the rate it charges some merchants who accept its cards.

BANK of America plans to sell 183 branches and divest itself of \$7.3bn of deposits in five states in order to meet anti-trust concerns over the forthcoming \$4.5bn merger with Security Pacific.

SOUTH KOREA's current account deficit hit a record \$8.8bn last year, and is predicted to worsen.

AUSTRALIA's Labor government is expected to announce capital spending and tax cuts of at least A\$3bn (\$1.5bn) in an attempt to speed up economic recovery.

General Motors reports record US loss of \$4.5bn

GENERAL MOTORS yesterday reported a 1991 loss of \$4.5bn, the largest annual loss ever recorded by a US company. It also named a dozen plants which are to be closed and announced a shake-up of management structure designed to restore its North American operations to profit.

The loss - below many analysts' expectations - included a \$1.8bn after-tax charge to cover a big restructuring plan announced in December. This involves the closure of 21 plants and a 74,000 reduction in GM's workforce by the mid-1990s, mainly through attrition and early retirement.

GM said international motor vehicle operations, led by Europe, earned \$2.1bn in 1991 - the fourth consecutive year that net income exceeded \$2bn.

Its three non-automotive businesses - GM Hughes, the aerospace group; General Motors Acceptance Corp, its finance arm; and Electronic Data

North Tarrytown, New York, employing 7,470, and an engine plant in Flint, Michigan, employing 4,068.

US opens up rift with Israel over loan guarantees

By Roger Matthews, Middle East Editor, in Washington

THE US opened a serious rift with Israel yesterday by refusing to provide \$10bn in loan guarantees unless the Jewish state agrees to halt building new settlements in the Arab territories it occupied during the 1967 war.

The announcement was made by James Baker, the secretary of state, only minutes after the third round of bilateral peace negotiations between Arab and Israeli delegations had opened at the State Department.

He also made clear that he was not referring solely to house building when he talking about "settlement activity". Clearing land and putting in infrastructure was also included, he said.

Mr Baker stressed during his testimony that the US retained its total and absolute commitment to the security of Israel. But the US is also reported to have strongly urged Israel last week to withdraw its armed forces from southern Lebanon.

The incursion came as Israeli troops tried to prevent rocket attacks on the north of the country launched in retaliation for the assassination by Israel of Sheikh Abbas Musawi, the Shia leader, his wife and son.

He also made clear that he was not referring solely to house building when he talking about "settlement activity". Clearing land and putting in infrastructure was also included, he said.

Mr Baker added that if Israel agreed to the terms, the US would also insist on monitoring the agreement every 13 months to ensure that the terms were adhered to.

Mr Faisal al-Husseini, leader of the Palestinian delegation to the peace talks, had said on Sunday that the whole process would be in danger of collapse without a clear signal from Washington on the loan guarantees.

Mr Ariel Sharon, the housing minister who is one of the more hardline members of Mr Shamir's government, said yesterday that the number of housing starts under way in the occupied territories was 22,000 - much higher than any official figure given until now.

It is the most severe setback Israel has suffered in its relations with the US for many years and could have an impact on the Israeli general election scheduled for June 23. Earlier this month Israeli ministers had expressed confidence that the US would agree to their request.

But at the same time Mr Yitzhak Shamir, Israel's prime minister, insisted that there would not be an end to the building of new settlements. He told Israeli newspapers on Sunday that settlements could not be halted, even for a day.

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President George Bush created a furor in Israel last autumn when he insisted on a 120-day delay in Congressional consideration of the loan guarantee request, despite heavy lobbying by US Jewish organisations.

Mr Baker, testifying yesterday before the House of Representatives, said that Israel already receives annu-

ally from the US. They said that US moves to reduce this amount would be the next logical step if Israel continued building settlements.

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Hoare Govett Europe finds Netherlands buyer

By Bronwen Maddox in London and Ronald van de Krol in Amsterdam

HOARE GOVETT, the UK stockbroker owned by the US bank Security Pacific, yesterday ended two years of speculation about its future by announcing that ABN Amro Bank of the Netherlands had agreed to become its new parent.

The proposed takeover of Hoare Govett's European operations, including its large client list of British blue chip companies, marks the Dutch group's most energetic push into European investment banking since it was formed in 1990 by the merger of ABN and Amro.

The terms of the deal were not disclosed, but Security Pacific will recover most of its capital of about £70m tied up in stockbroking. Even after the sale of Hoare Govett's remaining Asian businesses, Security Pacific is still likely to have lost more than half of its total investment of some £100m. It bought control of Hoare Govett in December 1984, and took full ownership in 1987.

Security Pacific's results for the fourth quarter of 1991 included a \$65m writedown on its investment in the broker in anticipation of a sale.

Since Security Pacific merged with Bank of America last October and the two Californian banks decided that UK

stockbroking had no place in their future, Hoare Govett has courted half-a-dozen potential backers. However, serious talks with ABN Amro did not begin until last month.

One obstacle had been the desire of Hoare Govett's management to preserve a role in the firm's direction. Mr Peter Meinerzhagen, chairman, said yesterday that the deal had the full support of management and that the broking firm would operate independently within ABN Amro.

Last month ABN Amro cut 60 staff from its workforce of 440, seen by other stockbrokers as a necessary step for a deal.

Mr Meinerzhagen said "it is not our intention to make more redundancies, although there will be some changes".

ABN Amro decided not to buy Hoare Govett's Asian operations because the group already has a presence in Asia, it said last night. The Asian businesses, which employ several hundred people, are now being separately for potential buyers.

At the time of Hoare Govett's unsuccessful management buy-out in late 1990, they were estimated to be worth half that of the European businesses.

ABN Amro already has banking and broking operations in France through majority stakes in Neufilize Schlumberger Mallet and Meuseaux Fontenay in Holland under its own name and through the Pierson Reizding & Pierson investment bank, and under its own name in Germany and Switzerland.

Swedish Bond Futures, the way is Clear!

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- GEMx - The German Equity Market Index
- Stock Options - Seven of the most actively traded shares in Sweden

For further information please contact Ann Carlson or Roy Coleman.

OM London Ltd
107 Cannon Street, London EC4N 5AD
Telephone: 071-283 0678. Telex: 071-283 0504

Philips looks to turn the corner after a black year

When Jan Timmer, president of Philips, unveils last year's results on Thursday he will highlight the group's new strategy of focusing on consumer electronics and reveal to what extent it has recovered from the black year of 1990.

STERLING
New York: \$1.7465 (1.7425)
London: \$1.7475 (1.747)
DM2.8 (2.825)
FF9.79 (9.80)
SF2.005 (2.0075)
¥129.15 (129.925)
£ index: 90.6 (90.5)

GOLD
New York: \$365.2 (362.5)
London: \$365.2 (362.5)
N SEA OIL (Argus)
Brent 15-day Apr: \$17.325 (17.825)

US CLOSING RATES
Fed Funds: 3 1/8% (3 1/8%)
3-mo Treasury Bill: 4.013% (4.025%)
Long Bond: 10 1/2% (10 1/2%)
100% yield: 7.965% (7.94%)

DOLLAR
New York: DM1.8525 (1.856)
SF5.8175 (5.828)
FF1.4935 (1.50)
¥129.15 (129.925)
London: DM1.848 (1.8495)
FF5.8025 (5.81)
SF1.491 (1.493)

STOCK INDICES
FT-SE 100: Yield 4.83
2,559.7 (+17.4)
FT-A All-Share: 1,220.45 (+0.6%)
FT-SE EuroStoxx 100: 1,163.91 (+9.40)
FT-A World Index: 1,437.4 (-0.2)
New York: DJ Ind. Av. 3,282.42 (+2.23)
S&P Comp 412.27 (+0.81)
Tokyo: Nikkei 12,078.24 (-318.57)
LONDON: 10 1/2% (10 1/2%)
Mar 97 1/2 (Mar 97 1/2)

Chief price changes yesterday: Page 21

EUROPEAN NEWS

French growth grinds to halt in last quarter

By William Dawkins in Paris

FRANCE'S economic growth ground to a halt in the final quarter of last year, as a collapse in industrial output brought a pause in the country's fragile recovery.

This left the rise in gross domestic product for the year at a mere 1 per cent, said Insee, the state statistics institute. The result, slightly worse than most analysts were expecting, is well below the government's September budget estimate of 1.4 per cent. It represents a sharp fall from 2.8 per cent in 1990 and is the lowest GDP growth figure for eight years.

"This is largely corporate retrenchment, as a result of the perception that order books look low... and that interest rates are too high for companies to manage ambitious expansion plans," said Mr

Jean-François Mercier, economist at Salomon Brothers in London. Mr Eric Taze-Bernard, senior economist at Banque Indosuez, said: "The fall in German demand has hit French exports and the economy is now waiting for a signal from the US."

Manufacturing output fell in all sectors in the final quarter by 1.4 per cent, giving a 1 per cent decline for the year. Cars and transport equipment were worst hit, down 4 per cent in the last three months, reflecting October's three-week strike at Renault, the state-owned car-maker. The rate of stockbuilding also declined in the last quarter.

Industrial investment fell by 1 per cent, the fifth consecutive quarterly decline, to end 3.6 per cent down for the year.

Consumers' confidence seems unaffected. Household consumption rose by 0.7 per cent in the final quarter, bringing the rise for the year to 1.5 per cent.

● The morale of French industrialists continues to improve, according to Insee, APD's adds. A survey carried out earlier this month found that optimism among the industrialists had returned to the level at the end of last year. Top executives were starting to anticipate a recovery in production levels that could be led by an upturn in the motor industry.

Opinions on order books had improved after having deteriorated for two months, the institute said, and opinions on foreign demand were more favourable, especially in the automobile sector.



Far right shows strength in Nice

By Ian Davidson in Paris

THE FRENCH centre-right UDF political group secured a narrow victory in the second round of voting in the local by-election in Nice on Sunday. Its candidate, Mrs Marie-Jeanne Murcia (pictured left), defeated Mr Jacques Peyrat of the extreme right-wing National Front with 50.65 per cent of the vote to Mr Peyrat's 49.35 per cent.

The result was warmly welcomed by former President Valéry Giscard d'Estaing, leader of the UDF, and by other mainstream French political leaders. However, the closeness of the result confirms recent indications that the National Front is gaining ground and can be expected to do well in next month's regional elections, especially in the south of France.

The Front's leader, Mr Jean-

Marie Le Pen, was elated, saying that Mr Peyrat had held his own against "a shameful alliance" of conservatives, Socialists and Communists. He urged voters nationwide to support "the party of France" next month.

Nice has traditionally been a right-wing stronghold, and in the first round of voting a week earlier, Mr Peyrat had surged to a spectacular lead with nearly 38 per cent, whereas the traditional conservative vote was split between rival candidates.

For Sunday's run-off all the mainstream parties, including the Socialists and Communists, called on the voters to rally behind Mrs Murcia against the National Front.

In the final tally, the abstention rate fell from 64 per cent to 55 per cent.

Merger plea for Europe's airlines

By Paul Betts, Aerospace Correspondent, in Singapore

EUROPE'S competition policymakers must allow large European airlines to merge with other carriers to enable them to expand, improve productivity and compete in the global airline market, Mr Bernard Attali, chairman of Air France, urged yesterday.

Clamping down on large airline mergers and alliances, he warned, "would condemn European air transport to a rapid, irrevocable decline."

Speaking at a Financial Times aviation conference in Singapore, Mr Attali sharply repudiated recent proposals by Mr Christopher Chataway, chairman of Britain's Civil Aviation Authority, to introduce a European competition policy to control airline mergers and protect smaller carriers.

Mr Chataway called earlier this month for an airline merger policy to protect consumer interests in Europe. The aim of European air transport liberalisation had to be to increase competition and allow a multiplicity of airlines to survive, he said, arguing for strict controls on large European airline mergers.

Mr Attali, however, said these proposals would distort natural market trends by increasing regulation. If European airlines were to compete against the large US and Asian carriers, they had to be able to organise themselves freely. "Let us be allowed to gather our strength to avoid being hacked to pieces by our competitors," he said. "Rather than shelter behind an obsolete set of rules, European carriers will need to speed up their reorganisation and improve their competitiveness."

Competition was forcing airlines to streamline their networks and group together to reduce costs, Mr Attali said. The international competitiveness of large European airlines would be undermined if regulators forced them to hand over landing slots, give up routes, and dispose of equity holdings in other companies when they put forward merger proposals.

Warsaw looks west for a fast track into private hands

Anthony Robinson and Christopher Bobinski examine a Polish plan to float half the country's state-run companies by 1994

DEBATE continues over Polish economic policy following the recent resignation of Mr Karol Lutkowski as finance minister, but there is still a broad consensus behind giving top priority to the fastest possible privatisation of state enterprises.

Using a mix of conventional and non-conventional methods, the aim is to convert half of Polish industry to private ownership by 1994.

The most innovative plan is a mass privatisation programme involving western-managed investment funds. It has been in gestation since 1988 and steadily refined by Polish and foreign economists, lawyers, bankers and accountants. The details must be debated and approved by parliament, but 200 of the 1,300 state-owned enterprises with an annual turnover above \$10m have been selected for the first round, which should begin by the second half of the year, and another 200 are being prepared.

The target enterprises will be converted into joint stock companies owned by the Polish Treasury and their shares transferred to a dozen investment funds. These will be managed by Polish and foreign fund managers. The Treasury will retain about 30 per cent of the shares, while up to 10 per cent will be given

to employees. The lead investment group will become the biggest single shareholder, with 33 per cent of the target company shares, and 27 per cent will be distributed among the other investment funds.

Tenders are being evaluated from foreign consultants and merchant banks that have applied to manage the funds for an annual fee and a stake in the eventual capital gains.

Polish citizens initially will be offered "participation certificates" exchangeable next year for a set of shares in the new mutual funds. The public will not become owners of shares in the actual enterprises, which will remain in the hands of the funds, until they are eventually liquidated, probably after 10 years.

All adult Poles originally were to receive a free allocation of shares, but that idea was dropped as redundant of the now-discredited socialist egalitarianism. Opponents successfully argued that free shares would not educate people in the rights and responsibilities of ownership, a key part of the cultural transformation required to make capitalism work.

Poles, like their Czechoslovak counterparts, will soon be invited to pay a relatively nominal sum for shares in the new funds. Mr Tomasz Gruszecki, a former academic who has become minister for privatisation

PRESIDENT Lech Walesa has decided to risk clashing with Poland's parliament over Ms Hanna Walicki Gronkiewicz, his candidate for head of NBP, the central bank, writes Christopher Bobinski in Warsaw. The post has been vacant since August.

President Walesa said at the weekend that he would re-nominate the 39-year-old academic for the post even though last December parliament failed to give Ms Gronkiewicz the absolute majority required for the position.

"I shall draw far-reaching conclusions if I am not permitted to fulfil my constitutional duties,"

tion in the new coalition government led by prime minister Jan Olszewski, says that privatisation will also be closely co-ordinated with the government's industrial policy.

Teams of merchant banks and consultants have been carrying out 34 sectoral analyses of Polish industry in a programme partly financed by the World Bank, the results of which should provide the government with a clearer vision of the broader strategic implications stemming from the privatisation of individual companies, especially those sold to foreign buyers.

Mr Walesa said in a reference to the possibility that Ms Gronkiewicz, who has specialised in banking issues, will be voted down again. The statement suggests that he is prepared to use the issue to campaign for limits to be placed on parliament's powers, arguing that deputies were hindering efficient government.

Opponents of Ms Gronkiewicz argued that her lack of banking experience disqualified her for the post. President Walesa, however, says this makes her the ideal candidate to reform the banking system, which has been shaken by a series of scandals.

A series of highly publicised banking scandals, months of political uncertainty and the difficulty of getting quick decisions from overstretched and under-paid government ministries have delayed several potential foreign investments. However, up to 30 or 40 possible foreign purchases in the automobile, pulp and paper, cement, brewing and other industries are in the pipeline, and the government has made clear that it will remove any enterprise from the mass privatisation scheme if a foreign buyer is interested in acquiring it.

The government is hoping for a renewed flow of private investment following the completion of most sectoral studies. Among recent investors are Asea Brown Boveri, the Swiss-Swedish electrical group, which already employs more than 10,000 people in Poland and has taken a 10 per cent stake in the recently privatised Elektrim trading company, and Unilever, the UK-Dutch consumer goods multinational. Two German detergent companies, Henkel and Benckiser, have bought controlling stakes in Polish detergent companies.

Until now, however, Poland has made greatest progress in privatising trade and retail outlets. Nearly 80 per cent of shops have been privatised within two years, and more than 46 per cent of Poland's \$14bn imports were handled last year by the newly privatised trade sector. A retail revolution has brought unprecedented choice of food and consumer goods in place of shortages and queues.

While private enterprise has transformed Polish consumption patterns, the flood of imports has created unprecedentedly tough competition for Polish farmers and much of Polish industry, including companies already reeling from the collapse in trade with the former Soviet Union.

Mr Jerry Thieme, chief adviser to the minister of privatisation, admits it would be far better if Poland could import 400 first-class industrial managers to run its ailing state enterprises.

"Unfortunately," he said, "we cannot afford the \$250,000-a-year it would cost to put a first-class general manager and finance director into each of our companies."

Instead, the ministry, which is being advised by S.G. Warburg, the London-based merchant bank, expects the new fund managers to exercise ownership rights and provide strategic assistance and guidance to the enterprises in their portfolios. "What we are looking for," Mr Thieme said, "are strong team leaders for the funds, professionals with 15-to-20-years' portfolio experience and previous involvement in the management of industrial companies. It will be a very hands-on commitment."

But mass privatisation remains an untried experiment thought up by academics. To critics, it still looks suspiciously like an attempt to avoid hard decisions which would lead to bankruptcies and mass unemployment. To supporters, it is an attempt to inject management disciplines, restructure enterprises and build up capital.

The same thing that many other of America's most prominent corporations are doing—taking advantage of the unparalleled investment opportunities

WHAT IS PROCTER & GAMBLE DOING IN GERMANY?

available in the New Federal States. In fact, in 1991, some of the most successful companies in the United States made significant investments in

Germany, including:

American Express
Burger King Corp.
The Coca-Cola Co.
Digital Equipment
Eaton
General Motors
Hewlett-Packard
IBM

Johnson Controls
NCR Corp.
Rank Xerox

R. J. Reynolds Tobacco Int'l., Inc.
Tishman Speyer Properties
Woolworth Corp.

For more information on investment incentives and other important aspects of direct investment, contact Ken Bremer at the Foreign Investor Information Center in Berlin at 011-49-30-34985-100.

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EUROPEAN NEWS

Cocaine case Irish tycoon is no stranger to controversy

MR BEN DUNNE, the Irish supermarket magnate who was charged with drug trafficking in Miami at the weekend, is not a newcomer to controversy, writes Tim Cooney in Dublin.

As chairman and chief executive of Dunnes Group, one of Ireland's largest companies and food retail outlets, he has crossed swords with industry, trade unions and government alike. In 1981 he was kidnapped by an IRA group in an incident which is believed to

have ended with the payment of £300,000 ransom.

Mr Dunne was arrested in Orlando, Florida, after what the police believed was a suicide attempt from the 17th floor of his hotel. He was found to have been drugged with cocaine and in possession of a further 32.5g of the substance.

Mr Dunne returned to Dublin at the weekend after being released on a £25,000 (£14,285) bail, saying: "I made a terrible blunder. I have paid a high

price. I have fallen a long way." He has admitted possession of the 32.5g of cocaine, but denied that he is involved in trafficking. "I can certainly look people in the eye and say I am not a dealer. But I was in possession," he said on Irish radio. He said that he was not attempting suicide, but felt under threat.

His family company, founded in 1944 by his father, now boasts 75 supermarket and drapery outlets in Ireland,

6,000 employees and an annual turnover in the region of £900m. The company also has 23 stores in Ulster and a further five in northern Britain.

The Dublin magazine, *Business and Finance*, recently rated it number five of Ireland's top 1,000 companies based on turnover. As a private company, it does not release its figures, but it is believed to have annual profits of some £35m.

Mr Dunne is widely viewed as a tough negotiator, using

his group's market strength (about 20 per cent of Ireland's retail food trade) to pare suppliers' margins in order to boost his own company's profits.

Last year he was boycotted by most of Ireland's dairy suppliers when he attempted to reduce the retail price for fresh milk through his stores, threatening doorstep deliveries. He was defeated after a six-week boycott, which reportedly hit overall sales. He fell out with the Confederation

of Irish Industry in 1990 as he sought to extend suppliers' credit periods. An important source of the group's profits is thought to be derived through supplier credit. This allows him to accumulate large sums of cash which are then invested in the short-term money market.

Mr Seamus O'Donnell of the trade union which represents Mr Dunne's retail staff said: "They are a difficult firm to deal with, and they work their staff pretty hard."

Signs of upturn in east Germany fail to lift gloom

By Quentin Peel in Bonn

A VERY slight improvement in business confidence and economic activity in east Germany was reported yesterday, but not enough to allay widespread concern about the slow pace of new private investment, rising unemployment, and simultaneously rising wage pressures.

Mr Helmut Kohl, the German chancellor, joined the fray with a new plea for east German workers to restrain their pay demands to avoid exacerbating the traumatic restructuring process of east German industry in which tens of thousands stand to lose their jobs.

He was backed by the German employers' association (BDA), which called for new wage deals to be put on ice, for fear that soaring wage costs would deter potential investors.

The trade unions, on the other hand, called for greater pressure from the government to persuade more big industrial concerns to invest in manufacturing in addition to the service sector.

The state of the east German economy, where unemployment rose last month by 306,000 to 1.34m with the ending of special subsidies for short-time working, was the subject of continuing concern at a top-level meeting of business union and government leaders in the Chancellor's office yesterday.

This was in spite of the best efforts of Mr Kohl and his colleagues to stoke up more optimism.

The greatest worry is on the

fat of more than 6,000 former state enterprises still on the books of the Treuhand privatisation agency, which must decide to restructure them or close them down if it cannot find private purchasers.

Mr Kohl reserved his strongest words for the wage pressures coming from the workers themselves, warning that a 20 per cent pay increase would add DM10bn (£3.1bn) to the annual budget of the Treuhand at the expense of the whole restructuring effort.

"Every D-mark which is required for wage increases is no longer available for the rehabilitation of businesses and jobs," he said.

The Treuhand had to do its job within a limited budget, and he urged both employers and unions to hold back in their pay deals.

At the same time, he agreed that conflicting property claims and poor administration were also causing big problems for would-be investors.

Meanwhile, the *ifo* economic institute in Munich reported a continued very slight improvement in eastern business confidence, although actual levels of activity remain massively depressed.

One third of east German enterprises reported an expectation of improvement in their activities, mainly related to export orders, on which they are still dependent on eastern Europe.

However, four out of five

Moscow warns of further big fall in output

By Leyla Boulton in Moscow

A FURTHER sharp fall in Russia's industrial production is inevitable but action will be taken to stimulate sectors which decline by more than 50 per cent over the next few months, the Russian government said yesterday.

Mr Andrei Nekhayev, head of the newly recreated Economics Ministry, forecast that output would fall "significantly" in the next two months as a result of the government's tight monetary and credit policy. The first sector likely to experience a slump was agricultural machinery, but taxation and other financial benefits would be deployed to help.

The minister also announced plans to free the domestic price of oil and gas at the end of April as part of the effort to stabilise prices. The step will deal a further blow to industry accustomed to cheap energy.

The state-controlled domestic price of oil is Rb350 a tonne. The price of coal is also to be freed on April 15, although the price of coking coal, crucial to the metallurgy industry, is to remain fixed.

Pleading for restraint on the part of workers to help avoid hyperinflation, Mr Nekhayev said that the government's agreement under duress to increase the pay of coalminers in the northern Voruta region was a dangerous precedent which could spark a chain reaction and torpedo the government's whole reform programme. He said prices this month had risen 10-12 per cent compared to last February.

The Russian Union of Indus-

trialists and Entrepreneurs produced figures showing that industrial output in the whole of the former Soviet Union had fallen 17 per cent in January. Although the defence industry is being cut, the 27 per cent fall in steel production for January will hurt other industries such as agricultural machinery. Coal output was down 10 per cent and oil 12 per cent.

Professor Yevgeny Yasin, the industrialists' prominent economist, warned that production in the next two months could fall to half last year's level. He said the decline was partly because of the disruption of traditional supplies between enterprises, and partly because of tight credit.

● Russia, the only one of the former Soviet republics to have made debt payments, is refusing to attend debt talks organised by the Ukrainians in Kiev today, writes Leyla Boulton. Russian officials said they were irritated by Ukraine's failure to send a high-level official to a meeting on the more than \$60bn debt in Moscow yesterday, as well as by the fact it had not taken part in previous debt meetings.

Correction

Yegor Gaidar

Mr Yegor Gaidar, Russia's deputy prime minister, has become finance minister, and Mr Andrei Nekhayev has become economics minister, not the other way round as reported in Saturday's FT.

Russian minister sees big job losses

By Judy Dempsey

UNEMPLOYMENT in the Russian federation could rise to 8m unless the government can encourage rapid expansion of the small and medium-sized private enterprise sector, Professor Alexander Shokhin, the labour minister and deputy prime minister of the federation, said in London yesterday.

Mr Shokhin, attending a conference organised by Britain's employment department, said unemployment could be held to 2m if a systematic programme of public works, self-employment, and privatisation of retail outlets was speeded up. The current official level of unemployment is around 500,000.

However, Mr Shokhin said the Russian government was facing many obstacles towards implementation of the reforms. In particular, he said, communist party apparatchiks at the local level continued to wield enormous influence in the ministries, as well as the plethora of committees under parlia-

mentary control, which continue to delay implementation of the reforms.

"It is very difficult to trans-

late ideas and laws into reality. There are many decision-making bodies, even at the centre. We spend a lot of our time

going from one body to the other," he explained.

Nevertheless, the minister is cautiously optimistic about what has been achieved since January when the first reforms, including price liberalisation, were introduced.

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INTERNATIONAL NEWS

Australia set to increase spending and cut taxes

By Kevin Brown in Sydney

AUSTRALIA'S Labor government is expected to announce capital spending and tax cuts of between \$500m and \$800m (500m-800m) tomorrow in an attempt to speed up economic recovery and resuscitate its fading electoral prospects.

Mr Paul Keating, the prime minister, will announce details in a wide ranging economic statement which could make or break Labor's chances in the next federal election, due by mid-1993.

Consultations with business organisations, the trade union movement and other interest groups have made the statement the most eagerly awaited policy package since 1986 when Mr Keating, then federal treasurer, warned that Australia would become a "banana republic" unless it overcame chronic economic problems.

The principal aim is to generate business and consumer confidence to strengthen a patchy recovery from six quarters of flat or negative economic growth which has pushed unemployment to 10.3 per cent.

Confidence in government claims that the recovery has begun was damaged last week by figures showing that sea-

sonally adjusted retail trade and private new capital expenditure contracted in the December quarter.

However, the government must also reverse a drift of support to the opposition conservatives caused by Labor's handling of the economy and a damaging leadership struggle between Mr Keating and Mr Bob Hawke, the former prime minister.

Mr Keating has been unable to reduce a gap of up to 20 percentage points in the opinion polls since taking over in December.

The statement will concentrate on attempts to stimulate economic activity quickly through a mixture of personal tax cuts and spending on infrastructure projects.

The government has been overwhelmed with calls for infrastructure spending, but is likely to restrict itself to modest improvements to roads, railways and ports. Major projects likely to be approved include a standard gauge railway from Melbourne to Adelaide and airport terminal improvements in both cities.

The statement will also contain measures to stimulate private investment, probably through accelerated deprecia-

tion allowances. The tax treatment of banks' bad debts will be changed in an attempt to discourage foreclosures and stimulate fresh lending.

The government is also likely to give a fillip to the faltering structural economic reform process through further deregulation of the aviation market and faster progress towards rail and port reform.

Mr Keating has ruled out a slowdown in the government's 10-year tariff reduction programme, in spite of pleas for greater protection from the unions and some industry sectors.

The statement is unlikely to unsettle the financial markets unless the fiscal stimulus is substantially greater than expected. However, some economists believe any stimulus could overheat the economy if the recovery already under way is stronger than it appears.

Access Economics, a Canberra consultancy, said the 1991-92 federal budget deficit is likely to exceed \$40bn, compared with the government's estimate of \$35bn, and warned that fiscal pump priming "is likely to score high on temporary job creation, but low on durability."

Ties with UK loosening, says Keating

MR Paul Keating, the Australian prime minister, yesterday told the Queen his country was moving away from traditional ties with Britain. He was immediately accused by political opponents of bad manners and favouring republicanism, AP reports from Canberra.

His remarks added fuel to the vigorous debate about whether Australia should keep the Queen as head of state or become a

republic under a president. Addressing a reception at Parliament House, he said Australia, like Britain, sought partners in its own region. "Our outlook is necessarily independent," he said.

He said members of parliament today were different from those she met on her first visit in 1954.

"Not a few of them saw the world through imperial eyes," he said. "This is an altogether differ-

ent generation, reflecting the profound change in our two countries and the relationship between them."

Dr John Hewson, the opposition leader whose Liberal National Party coalition is strongly favoured to win office in national elections next year, labelled the remarks as "very embarrassing to say the least."

Mr Keating had taken the opportunity to give a tilt in favour of republicanism in front of the Queen.

Mubarak to meet Mitterrand on Libya

By Tony Walker in Cairo

PRESIDENT Hosni Mubarak of Egypt travels to France today in his continuing efforts to calm international anger over allegations that Libyan agents were responsible for downing US and French commercial airliners in the late 1980s.

A spokesman for Mr Mubarak said yesterday that the Egyptian leader in a planned meeting with President Francois Mitterrand tomorrow wanted to "reach a formula" that would save

Libya from any harm, and at the same time "satisfy the world community which is so angry".

Meanwhile, Libya's Colonel Muammar Gaddafi has told Le Figaro, the French daily, that Libya understood it was obliged to co-operate in the investigations into the blowing up of a Pan Am jet in 1988 over Lockerbie in Scotland, and a French UTA airliner over Niger in 1989.

The Libyan leader made it

clear he was responding to threats of a US military strike which he described as virtual state terrorism. "America today is the No. 1 military power in the world and isn't counterbalanced by anyone," he said.

"An armed confrontation would crush us. We are aware of the danger. That's why we prefer to play the card of conciliation, and justice, rather than defiance."

The US and Britain are seek-

ing extradition for trial of two Libyans accused of planting a bomb on Pan Am 103, causing the deaths of 259 people on board and 11 on the ground.

France wants to interview four Libyans, including one of Col. Gaddafi's brothers-in-law, over the 1989 crash of the UTA jet with the loss of all 171 passengers and crew.

Tripoli has refused to yield its accused, insisting that it is conducting its own investigation.



Supporters of Taiwan's main opposition Democratic Progressive Party carry a massive protest banner in Taichung, central

Taiwan, on Sunday. They were demanding independence for the island in defiance of a government threat to disband the party.

First ladies address the plight of rural female poor

By Frances Williams in Geneva

NEARLY 70 women drawn from royalty and the ranks of presidential or prime ministerial consorts have descended on Geneva for a two-day summit intended to ensure a better deal for the world's 565m rural female poor.

The aim is to persuade governments at the highest level to reorientate development programmes in favour of women, to reflect their important role in food production. Women produce more than half of all food grown in developing countries, and an estimated 70 per cent in sub-Saharan Africa.

"If we could increase the productivity of rural women by 15 per cent, we could wipe out the food deficit in Africa," says Mr Idriss Jazairy, president of the United Nations International Fund for Agricultural Development (Ifad), which is organising the summit.

"Unless we can promote the role of women, the goal of eliminating hunger cannot be achieved." Increased food production and higher rural incomes contribute in their turn to national growth.

Mr Jazairy sees the summit, which has been initiated by six Third World "first ladies" under the patronage of Queen Fabiola of Belgium, as providing a much-needed jolt to international awareness.

Mr Jazairy, a former Algerian diplomat, says Ifad projects have already demonstrated the "bankability" of aiding women in agricultural development. But with projects worth \$375m (\$123m) a year scattered around the world, the small Rome-based agency has little financial leverage to persuade governments to change the emphasis of national development programmes. However, by definition, "first ladies" have influence at the highest levels.

According to Ifad, women account for nearly 60 per cent of the Third World's rural poor, and their numbers have jumped by half in the past 20 years.

In developing countries as a whole (excluding India and China) one in five households has a female head, yet women are consistently denied access to land, agricultural inputs and credit.

Population growth, environmental degradation and socio-economic pressures will force increasing numbers of women into poverty in the coming years. Ifad predicts, and the total could reach 700m by the end of the decade. To stop things getting worse would cost as little as \$750m a year, the agency says.

This message should appeal to hard-headed donor countries. But few "first ladies" from the first world have come to Geneva. Mrs Norma Major is represented by a low-ranking official in the UK's Geneva diplomatic mission.

Algerians to brief west on human rights

By Francis Ghiles

TWO senior Algerians are to visit western capitals to brief foreign governments in response to concern about the country's stability and respect for human rights.

First to follow the cancellation five weeks ago of Algeria's first multi-party elections and the detaining of at least 5,000 Muslim fundamentalists without charge in internment camps.

Mr Ali Haroun, a lawyer who for six months was minister in charge of human rights and is now a member of the country's five-man collective presidency, will visit Belgium, Germany and Spain. Mr Redha Malek, a former ambassador, will visit the US and Canada.

Mr Lakhdar Brahimi, Algeria's foreign minister, returns tonight from a 10-day mission to the Gulf states and Saudi Arabia.

De Klerk to meet Kozyrev

MR Andrei Kozyrev, the Russian foreign minister, is to visit South Africa later this week to discuss the normalisation of relations and boosting economic co-operation, Reuters reports from Moscow.

Mr Kozyrev will meet President F.W. de Klerk, Mr P.W. Botha, the South African foreign minister, and Mr Nelson Mandela, the African National Congress leader, during a two-day visit on Friday and Saturday.

After decades of hostility, South Africa established consular ties with the former Soviet Union last November.

Japan retail stores see modest rise

By Robert Thomson in Tokyo

JAPAN'S department and chain stores reported modest sales growth of 1.6 per cent and 2 per cent respectively in January, compared with the same month last year, suggesting that the demand remains relatively strong in spite of the general slowing of economic growth.

The Japan Department Stores Association said that sales growth was curbed by a continuing fall in demand for items such as paintings and precious metals, sales of which surged during the expansion of the so-called economic "bubble" in the late 1980s.

Total sales remained above last year's level even though workers' end-year bonuses fell, while overtime in December was 16.1 per cent lower than a year earlier, reflecting a reduction in production output in a range of industries, including the electronics and car sectors.

Department stores' sales of personal articles rose 5 per cent, while foodstuff sales were 4.3 per cent higher and clothing 1.5 per cent higher. But sales of household articles were flat and those of sundry goods fell by 4 per cent. The association attributed slow clothing sales to the warm winter, while the Japan Chain Store Association also reported slow sales of winter clothing and heaters.

Indian president warns parliament on high inflation

By David Housego in New Delhi

INDIAN President R. Venkataraman yesterday opened parliament with a warning of the dangers of high levels of inflation in the country.

His speech to the two houses was seen as setting the scene for a budget in which the main emphasis will be on cutting government expenditure as a way of reducing the fiscal deficit and inflation. The government is keen to avoid adding substantially to the tax burden for fear this will further exacerbate pressure on prices.

Describing inflation as "a matter of grave concern," Mr Venkataraman said that "once the fiscal deficit is reduced and brought under control, inflation can be expected to come down to reasonable levels." The budget, due to be delivered on Saturday by Dr Manmohan Singh, finance minister, will mark the second wave of the government's liberalisation and economic restructuring programme launched by the new Congress party government in July. It will show how radical the government is prepared to be over reducing protective tariffs, cutting government expenditure and in tackling overmanning in the public sector.

But room for manoeuvre has

been reduced by continuing high inflation and the industrial production slump, raising fears that reform could become enmeshed in Latin American-style stagflation.

Inflation has dropped to 12 per cent from a 16 per cent annualised rate in August - but remains well above the 9 per cent for financial 1991-1992 that the finance minister had forecast. Industrial production has also tumbled more sharply than expected, with zero or negative growth now forecast this year, against an 8 per cent rise last year.

Dr Deepak Nayyar, former chief economic adviser who resigned after policy disagreements with the finance minister, warned at the weekend of the risks of stagflation from unsustainably high levels of inflation and of the deficit on the external account. He called for a slowdown in structural reforms until greater macro-economic balance had been achieved.

The government of Mr P.V. Narasimha Rao, the prime minister, nonetheless faces a budget session in a politically stronger position than six months ago. The 12 seats Congress won in last week's elections in Punjab give it close to a majority in the parliament.

Seoul suffers record deficit

SOUTH KOREA'S current account deficit hit a record \$8.85bn last year, provisional Bank of Korea figures showed yesterday, and economists said the shortfall would worsen this year, Reuters reports from Seoul.

The 1991 deficit outstripped the previous record of \$5.32bn set in 1980 and compared with a 1990 deficit of \$2.18bn, the central bank said.

Economists predicted that the shortfall in the current account, which measures trade and international transactions in invisible goods and services, would widen to between \$9bn and \$10bn this year.

Mr Park Jeong-ryong, central bank economist said: "The defi-

cit is not expected to show signs of dramatic recovery this year and over the next year as our exports face difficulties."

"We have to compete with China and south-east Asian countries on price while our product quality and technology seems to be far behind that of advanced nations."

South Korea, which enjoyed multi-million dollar trade surpluses in the late 1980s, has been hit by soaring imports and lagging exports.

It has also suffered from the effects of economic recession in some of its main markets and a loss of price competitiveness.

A domestic construction boom, excessive consumption and politically motivated gov-

ernment policies aggravated the deficit, economists said.

The trade deficit, which makes up about 90 per cent of the current account, ballooned to \$9.65bn on a customs-cleared basis in 1991 from \$4.82bn a year earlier.

The central bank figures showed trade deficits widening with South Korea's two main partners, the US and Japan.

The chronic deficit with Japan soared to a record \$6.76bn against \$36m.

South Korea, which had enjoyed a decade of trade surplus with the US, posted a deficit of \$335.1m from a surplus of \$240.2m in 1990. It was the first deficit since 1981.

Nuclear deadline for N Korea

THE US has set June as the deadline for resolving issues over North Korean nuclear weapons development and forcing the isolated communist nation to open to inspections, officials said yesterday, AP-DJ reports from Seoul.

It is the first time a specific deadline has been mentioned. It comes amid growing concern that North Korea is purposely stalling inspections of its nuclear facilities to gain crucial time for arms development or to move facilities.

Mr Douglas Paal, a US national security adviser, met South Korean officials in Seoul yesterday. He was said to have expressed dissatisfaction on

the lack of progress in nuclear talks between North and South Korea and urged the Seoul government to exercise caution in inter-Korean relations until nuclear worries were resolved.

North Korea is due to attend United Nations-backed talks in Seoul this week on building a big industrial complex near the North's border with Russia and China.

It will be the first North Korean government delegation to visit South Korea for an international meeting. In the past, North Koreans travelled to the south only for inter-Korea talks.

The two-day meeting called by the United Nations Develop-

ment Programme starts on Thursday. It will focus on development of the Tuman River area.

South and North Korea, China and Mongolia have been invited to participate. Russia and Japan will be present as observers.

The UNDP proposed last year that the 10,000 sq km delta should be developed as a industrial zone with tax incentives offered to foreign investors.

A management committee was formed to work out final development plans by July 1993. Officials estimate that some \$30bn will be put into the project over 20 years.

Asia greets Burma human rights abuses with deafening silence

Victor Mallet looks at why neighbouring countries have refused to take a firm line on the atrocities

THE INVISIBLE, inaudible "Asian way" of dealing with human rights abuses in Burma is being severely tested by the latest flood of refugees into neighbouring countries, following a series of army offensives and reported atrocities against ethnic minorities by the Burmese military junta.

Worst affected have been the Moslems of Arakan in western Burma. In the past two months about 100,000 of them have fled into Bangladesh with tales of forced labour, torture, rape and killings at the hands of Burmese soldiers. And the exodus is continuing.

Yesterday the United Nations World Food Programme said it was granting \$1.9m in emergency supplies to help Bangladesh cope with the influx which it estimated at 1,200 refugees a day. Last week the UN High Commission for Refugees allocated \$1m in emergency funds for the refugees.

Bangladesh said yesterday that thousands of the migrants were on the verge of starvation because relief efforts were inadequate. Speaking before the latest UN announcement, one official described food and

medical help received so far as "only a drop in the vast sea of needs."

Other ethnic groups and guerrilla armies on Burma's frontiers have suffered, too, as has the Buddhist majority in whose name the Burmese State Law and Order Restoration Council (Slorc) claims to be fighting.

Most Asian governments have greeted the actions of the Slorc junta - which is detaining Nobel Peace Prize winner Aung San Suu Kyi and refuses to give way to the government-in-waiting elected in 1990 - with a deafening silence.

Amid the growing international outcry over events in Burma, Mr Goh Chok Tong, Singapore's prime minister, took pains to defend the regional policy of "constructive engagement" with Burma during the summit of the Association of South East Asian Nations (Asean) at the end of last month.

Mr Goh urged his audience of journalists to understand the "culture of Asean," which, he explained, involved private discussions rather than European-style public efforts to change the world. "We do not interfere," he said. "We just



Thai PM Anand Panyarachum (left): 'I don't like what's happening.' Goh Chok Tong: 'We do not interfere.'

have our bilateral contacts."

Human-rights activists claim that those contacts include selling arms to Burma and stripping the country of natural resources such as gems, teak and fish, while ignoring the plight of the Burmese.

Western companies have also been criticised for dealing with Burma, especially in oil exploration, but western governments have roundly condemned the

Burmese authorities.

A loose alliance of Burmese opposition groups based in the beleaguered town of Manerplaw on the Thai border is now hoping to persuade Asian governments that they need to take a firm line against Burma in the interests of regional security, however unmoved they may be by human rights abuses.

Bangladesh has appealed for international help in handling the refugees. At least one

Bangladeshi soldier has been killed by Burmese troops.

Thailand - another destination for refugees - has already seen confrontations this year between its border patrols and the Burmese army.

The Thai press has criticised both the Burmese and Thai governments over human rights in Burma, and Thai Prime Minister Anand Panyarachum said bluntly last month: "I don't like what's happening in Burma."

A small number of refugees have also fled to Nagaland State in India, whose government has been one of the few in Asia to take a strong moral stand against the actions of the Burmese authorities.

Burma's opposition will nevertheless find it difficult to persuade Asia to isolate the junta. China, Burma's principal arms supplier, appears to be unimpressed by the pleas of the Burmese people.

Thailand is ambivalent. The foreign ministry is sensitive to western criticism on the issue of Burma and the government as a whole is anxious to keep the country's borders secure, but the military is notorious for its profit-hungry part in stripping Burma of its teak trees.

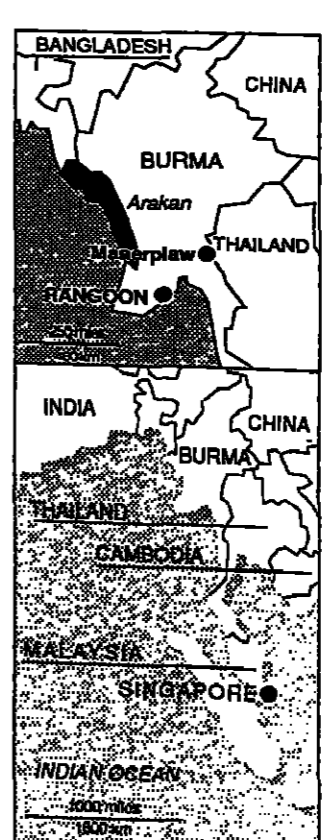
Burmese rebel groups, however, believe that the Thais are reluctant to allow the Burmese army to overrun Manerplaw, which is controlled by the Karen National Union with the assistance of monks, students and politicians from Rangoon.

Opponents of the junta want the UN to take a much stronger line on Burma (so far there has been only a mild resolution passed by consensus in the General Assembly), even if they recognise that the UN is unlikely to recognise the Manerplaw-based elected government.

They also want economic sanctions imposed on Burma, and in this area they believe that western countries are no less guilty than Burma's silent Asian neighbours and Japan.

"Without economic sanctions, the Slorc can get cash to buy arms," says Mr Hla Flay, spokesman in Bangkok for the National League for Democracy, the party which won the Burmese elections but which was excluded from power.

Asian and western governments, however, doubt the effectiveness of sanctions. As Mr Anand said: "Burma is not now ready to listen to anybody."



Victory

Business information from the Financial Times

PROFILES

DON'T TRAVEL WITHOUT US.

AMERICAN NEWS

Victory still eludes drugs warriors

FT writers on the background to this week's summit in San Antonio on narcotics

NARCOTICS have replaced communism as the new enemy of the US in Latin America. But neither President George Bush, nor the heads of state of the Latin American countries whom he meets at a drugs summit tomorrow in San Antonio, Texas, can claim much success in the war.

It has been two years since the last such summit, in Cartagena, Colombia. Besides the presidents of Colombia, Peru and Bolivia who then met President Bush, their counterparts in Mexico and Ecuador will attend the two-day meeting.

There has been the occasional victory since Cartagena when the US stepped up its promised aid and its military presence in the drug-producing states. Drug seizures have risen significantly and some leading drugs traffickers, such as the bosses of the Medellín cocaine cartel, are behind bars.

However, the flow has not been stemmed and, if anything, has increased. The drugs traffickers have found new export routes, production has shifted from one place to another, new markets have been found as cocaine consumption has risen in Europe, and the drugs have diversified into other illicit products such as heroin.

Fighting an election at home, Mr Bush will seek to create an impression that he is being tough on the drugs problem. However, in some Latin American countries, there is considerable scepticism about the likely outcome of the talks, which one US official has called a step towards an "international anti-drugs cartel".

The US has been pressing for measures that will improve the ability of the authorities to crack down on the production, processing and transport of narcotics. Such measures, allowing, for example, increased cross-border "hot pursuit" of traffickers, are being resisted by Andean countries seeing threats to their own sovereignty.

Mr Bush is likely to support Andean resistance against an overbearing US military role in the region. Mr Ignacio Morales Lechuga, Mexico's attorney-general, said last week that Mexico would not participate in a multinational anti-drug force. Mexican officials have said they will oppose any



War against heroin: Colombian soldiers hack down poppies in the south-west

co-operation that infringes their national sovereignty.

Nevertheless, the Mexicans will push hard for creation of a regional intelligence information system, that would help in the capture of drugs. About half all US cocaine imports pass through Mexico. Mexico also produces about a third of the marijuana entering the US.

For their part, against increasing US scepticism, the Andean countries want more emphasis on alternative development, such as finding crop substitutes for the coca bush.

A UN official based in Latin America said: "We are letting countries like Bolivia think they can have their cake and

eat it. It is getting \$700m a year in drug-related assistance while cocaine production is increasing."

Some drugs experts point out that the incentives for countries such as Bolivia to end drugs production are slight: if they succeed, aid flows will cease and the prospects increase for unrest among farmers deprived of a living and a military deprived of the equipment financed by drugs aid.

According to a report in the Mexican government newspaper *El Nacional*, some 90 per cent of the US proposals for the summit focus on repressive tools - such as military co-operation, police surveil-

lance and control of chemicals used in refining drugs. Only 10 per cent suggest alternative programmes, such as crop substitution, economic aid and reducing US demand.

Mr Bernard Aronson, responsible for Latin American affairs at the US State Department, said last week that alternative development was only realistic if interdiction were successful and led to a reduction in demand and a fall in prices. He also said alternative development could not be applied in an isolated manner in producing countries.

Coca growers in Peru, which produces 60 per cent of world coca, have protested that, since signing an accord last May

with the US, nothing has been done to help substitute crops. No inroads on coca production in Peru have been made. Coca acreage is increasing: a well-placed source in Lima estimates it is between 240,000 and 290,000 hectares. Official US figures are unreliable because they are "politically manipulated," he says. This means the Americans are turning a blind eye to some 70,000 newly-discovered hectares in the Marañon and Quillabamba valleys.

Efforts to crack down elsewhere have transformed Bolivia in the last five years from a humble producer of leaf to the world's second largest cocaine producer and turned Brazil (which produces only cannabis) into a major route to Europe.

The near impossible task of policing such areas is not helped by police involvement in the narcotics trade. One US Drug Enforcement Agency official said: "The biggest problem in Brazil is the police." In Peru, Mr Hernando de Soto, who resigned last month as a drugs adviser to President Alberto Fujimori, said: "Drugs are regularly dispatched from places under the state's control."

In Colombia, the promise that they would not be extradited secured the surrender of the leaders of the big Medellín cocaine cartel. But there have been few signs that this has reduced cocaine traffic. Meanwhile, large areas of the mountains are cultivating a new menace: poppies yielding heroin, the street price of which in the US is 10 times that of cocaine.

In a gesture apparently aimed at the summit, Colombia has announced it will begin spraying the poppies with the herbicide, glyphosate.

Latin American governments have regarded consumption as somebody else's problem and said the US must do more to try to curb demand. However narcotics in Latin America is increasingly becoming an internal problem with cocaine-derived crack replacing glue sniffing as the latest addiction among children in poor areas across the continent.

(Reporting by Sally Bowen in Lima, Stephen Fidler in London, Damian Fraser in Mexico City and Christina Lamb in Rio de Janeiro)

Haitians lose US asylum battle

THE US Supreme Court yesterday allowed the Bush administration to complete the forced return of thousands of asylum-seeking Haitian boat people to their Caribbean homeland, Renter reports from Washington.

The high court, by an 8-1 vote, rejected an emergency request by human rights lawyers to halt the controversial US repatriations on grounds that the Haitians would suffer irreparable harm and possibly death if sent back.

The court issued the ruling a day after Haiti's quarrelling factions reached an agreement mediated by the Organisation of American States to restore democracy and return ousted President Jean-Bertrand Aristide to power.

President George Bush's government had argued strongly in favour of allowing forced repatriations. It said the Haitians were fleeing the impoverished nation for economic rather than political reasons and therefore were not entitled to political asylum in the US.

The only dissenter was Justice Harry Blackmun, a liberal, who said the court gave "full and careful consideration" to whether the Haitians would face persecution upon returning to their strife-torn homeland.

The court, with a solid majority of justices appointed by Mr Bush or his conservative predecessor Mr Ronald Reagan, has now sided twice with the Bush administration during a three-month-long legal battle that has become an embarrassment for the government.

About 15,000 Haitians have tried to enter the US since Mr Aristide, Haiti's first democratically elected president, was overthrown in a military coup on September 30.

Most of the refugees were picked up at sea and taken to the US Navy base at Guantanamo, Cuba. About one-third have already been returned to Haiti.

The Supreme Court's ruling cannot be appealed, but activists have vowed to keep fighting in Congress.

Brussels expected to step up aid for Central America

By Patrick Blum in Lisbon

THE European Community is expected to increase its aid to Central America and establish a four-year programme in support of human rights during a two-day meeting of European and Central American foreign ministers in Lisbon.

The foreign ministers of Mexico, Venezuela and Colombia are also attending the meeting, which ends today.

Discussions were expected to focus on economic co-operation, with EC ministers emphasising the linkage between economic and social progress and the defence of human rights.

Mr João de Deus Pinheiro, the Portuguese foreign minister, said the EC would contribute to national reconstruction in El Salvador which has been ravaged by a 12-year civil war.

The meeting was also expected to discuss an Ecu50m (£35.4m) priority EC aid programme for the country. Mr José Manuel Paredes Castro, the Salvadorean foreign minister, was due to present details of a national reconstruction plan. The civil war, which caused an estimated

70,000 deaths and ruined El Salvador's economy, ended last January when the government and the opposition Farabundo Martí National Liberation Front signed a peace agreement.

A new Ecu15m human rights programme would help to pay for technical assistance to train the Salvadorean police and armed forces. A special commission of EC and Central American experts would supervise the programme.

Discussions on trade were expected to focus on Central American demands for free access to the EC for their agricultural products. The region's producers fear they will be excluded from exporting bananas into the Community once the European single market is completed.

Central American ministers are likely to press for an increase in general economic aid and in technology transfers. Last year, EC aid totalled Ecu155m, with Honduras, El Salvador, Guatemala and Nicaragua as the main beneficiaries.

Peruvians hit back in row over cholera

By Sally Bowen in Lima

PERU'S transport ministry indefinitely suspended Aerolineas Argentinas' permit to fly in and out of Lima at the weekend, in retaliation at the Argentine flag-carrier.

Two days earlier, Aerolineas Argentinas halted all flights via Lima following the death from cholera of a passenger after a Buenos Aires-Los Angeles flight re-routed in Lima. Some 60 other passengers on the same flight are said to have experienced cholera symptoms.

The transport ministry criticised the "rash declarations" made by executives of Aerolineas Argentinas, who laid the blame for the cholera outbreak on food taken on at Lima. Exhaustive investigations, said the ministry, had disproved the

allegations. It said there had already been deaths from cholera in Argentina: the cholera victim could have contracted the illness before leaving Buenos Aires on February 14.

Alternatively, the cholera bacteria could have been transmitted through the aircraft's internal water system. The transport ministry did not discount suing Aerolineas Argentinas for potential damage to Peru's already flagging tourist industry.

The company which supplied the meals for the Argentine flight, Docampo, has been operating for 30 years. On February 14, it provided more than 2,500 airline meals for a variety of companies. More than 3,200 people have died from cholera in Peru since last year.

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NOTICE OF MEETING OF THE HOLDERS OF SERIES III DEBENTURES TO MATURE JANUARY 1, 1995 OF CANADIAN TURBO INC. (FORMERLY TURBO RESOURCES LIMITED)

NOTICE is hereby given that a meeting of the holders of the Series III Debentures to mature January 1, 1995 (hereinafter referred to as the "Debentures") of Canadian Turbo Inc. (hereinafter referred to as the "Company") issued under a Trust Indenture (hereinafter referred to as the "Trust Indenture") dated as of the first day of January, 1985 made between the Company and Montreal Trust Company of Canada, as trustee (hereinafter referred to as the "Trustee"), and related as of October 5, 1988, will be held at the offices of Siffman, Elliott, Third Floor, 1000 Avenue de la Commune, Suite 100, in the City of Montreal, Quebec, on Thursday, the 25th day of February, 1992 at the hour of 10:00 o'clock in the forenoon (Canadian Mean Time), for the purpose of considering and, if thought fit, passing as an extraordinary resolution or resolutions pursuant to the provisions of the Trust Indenture now or hereafter amended to approve amendments to and a replacement of the Trust Indenture consequent upon an arrangement proposed by the Company to its securityholders and the transactions contemplated thereby.

The said meeting is being convened at the request of the Company in connection with the said arrangement. Representatives of the Company will be available at or prior to the meeting for discussion purposes. Debentureholders interested in meeting with or contacting these representatives prior to the meeting should call Mr. James Davis, c/o Messrs. Siffman, Elliott-London (071) 376-0800.

This notice is given pursuant to the provisions of the Trust Indenture with the intent that any extraordinary resolution or resolutions passed at the said meeting or any adjournment thereof shall, if passed in accordance with the provisions contained in the Trust Indenture in this behalf, be binding upon all the Debentureholders, whether present or absent, and compel them to execute and deliver to the Trustee (subject to the provisions for its indemnity contained in the Trust Indenture) such documents as may be required, with the further intent that in considering and/or passing any resolution, extraordinary or otherwise, such meeting may modify, amend, change, annul, add to or omit any of the matters and things hereinbefore specified, it being anticipated that the foregoing does not purport to specify the terms of any resolution or resolutions to be proposed at the meeting, but only to indicate the general nature of the business to be transacted thereat and in general terms the subject matter of any extraordinary resolution or resolutions to be submitted thereat.

Pursuant to the provisions of the Trust Indenture and regulations made thereunder, Debentureholders desiring to be present and vote at the meeting without producing their Debentures may deposit with any of the depositaries named below and will receive in exchange voting certificates which will entitle the holder named therein to be present and vote at the meeting and at any adjournment thereof and to appoint a proxy (who need not be a Debentureholder) to represent and vote for the holder at such meeting and at any adjournment thereof in the same way as if the holder so named in the voting certificate were the actual holder of the Debentures specified in such voting certificate. Debentures so deposited will be held on deposit until after the meeting and any adjournment thereof and will then be returned to the depositor.

Copies of recently published financial reports concerning the Company and other publicly available information relevant to the said arrangement, together with instructions and forms for depositing Debentures, forms of voting certificates, and other information may be obtained on application to any of the depositaries at the addresses set forth below.

Save as aforesaid, the only persons who shall be recognised at the meeting or any adjournment thereof as the holders of any Debentures or as entitled to vote or be present at the meeting or any adjournment thereof shall be the persons who produce Debentures and/or voting certificates at the meeting or any adjournment thereof.

In the event that the said meeting shall be adjourned by reason of failure to attain a quorum, these Debentureholders present in person or by proxy at the adjourned meeting may transact the business contemplated by this notice.

For the convenience of Debentureholders unable to attend the meeting, proxies and voting certificates may be sent to Montreal Trust Company of Canada, c/o Royal Bank of Canada Europe Limited, 71 Queen Victoria Street, London, England EC4V 4DE, Attention: Charles Watkinson, and, in order to be relied upon, must be received at such address on or prior to the business day immediately preceding the date of the meeting.

All persons intending to attend at the meeting are asked to arrive at least one hour prior to the scheduled commencement for registration and other similar administrative purposes.

Dated the 25th day of February, 1992.

Montreal Trust Company of Canada

Trustee

411 - 9th Avenue S.W.

Calgary, Alberta

T2P 1G7

The depositaries contemplated by the above mentioned notice are as follows:

Montreal Trust Company of Canada

Attention: Corporate Trust Department

• 411-9th Avenue S.W.

Calgary, Alberta T2P 1G7

• Place Montreal Trust

1800 McGill College Avenue

Montreal, Quebec H3A 2G9

Royal Bank of Canada Europe Limited

71 Queen Victoria Street

London, England EC4V 4DE

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14 Rue d'Arléon, Luxembourg

Credit Suisse

Paradeplatz 8

CH 8001, Zurich, Switzerland

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B-1000 Brussels, Belgium

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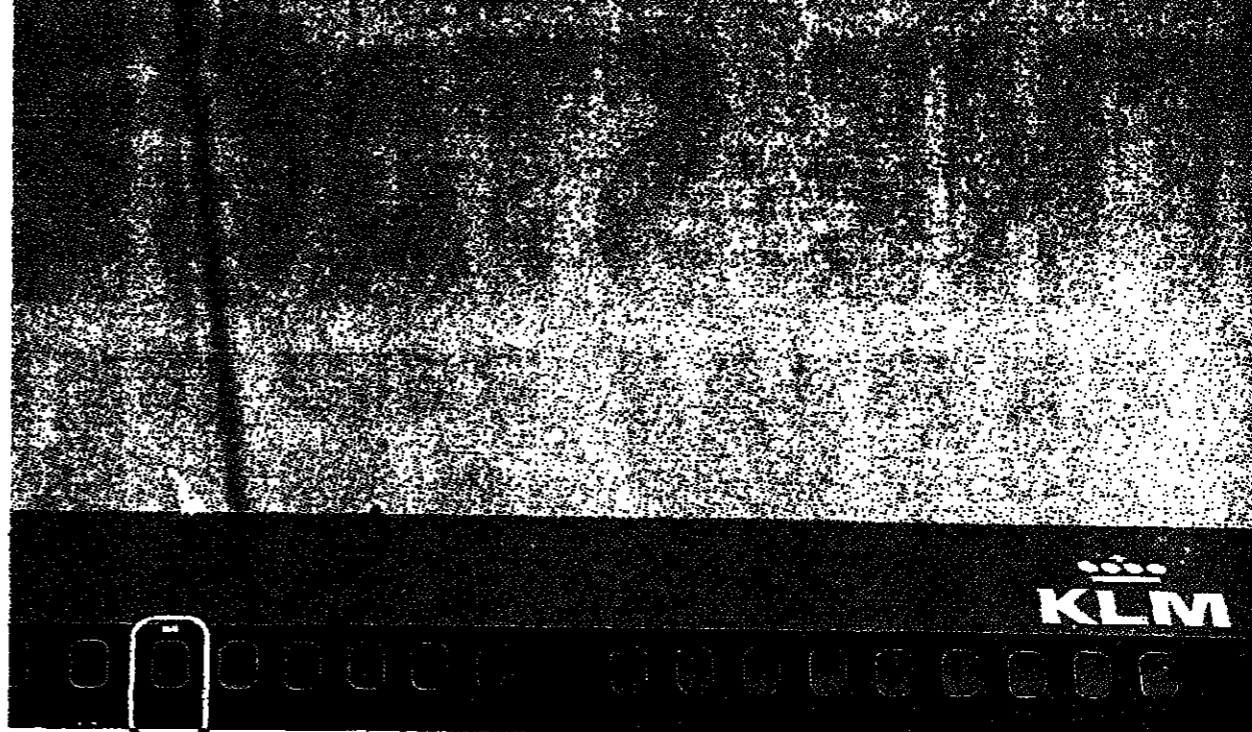
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WORLD TRADE NEWS

Brussels hits back at fresh US threat of trade sanctions

By Andrew Hill in Brussels

THE EC yesterday attacked the "pervasive and overly discriminatory Buy American Act, and the host of other US discriminatory procurement rules", in an angry response to US threats of trade sanctions against EC government procurement legislation.

On Friday, Mrs Carla Hills, US trade representative, set a January 1 deadline for sanctions against the EC, unless it agrees to rule out discrimination against non-EC suppliers of equipment for telecommunications and electrical utilities. The European Commission said the decision was "regrettable" and that the disputed clause of its legislation made "absolutely no distinction between EC and US suppliers". The directive, part of the move to a barrier-free internal market, was approved by EC ministers in September 1990 and is due to come into effect on January 1.

This latest EC-US row is bound to raise the temperature in negotiations on government procurement under Gatt. The EC says it has formally offered to outlaw all discrimination in

public procurement, and claims the US is holding up progress because it will not grant equal access to US markets for EC suppliers. "Progress in this field will come from removal of obstacles by both sides, not from adding to the existing array of American discriminatory measures," the Commission said yesterday.

The relevant article of the EC directive applies only to third countries which have not ensured "comparable and effective access" to their own markets. "The US is being remarkably cheeky," an official from one EC member state said yesterday. "We only put this clause in because the US telecommunications market is closed." The clause allows EC governments to reject any tenders for supply contracts where the non-EC content of the products supplied exceeds 50 per cent of total value. It says in border-line cases, preference should be given to tenders where over half the products are made in the EC, even if the price is up to 3 per cent higher than that of competing tenders.

Washington presses for better access to China

MR Joe Massey, assistant US trade representative, has arrived in Beijing for a new round of market access talks with some rare good news from Washington - the ending of a ban on purchases of high-performance computers, Nancy Dunne reports.

The talks come as the Senate prepares to vote today on legislation setting stiff conditions on continuing China's Most Favoured Nation (MFN) status. Senator George Mitchell, majority leader, has criticised the administration for lifting the high-technology ban.

The sanctions were ended after Beijing sent written guarantees it would observe the "guidelines and parameters" of the Missile Technology Control Regime. Beijing welcomed the move, while insisting that it

does not supply arms for offensive purposes. Mr Massey's attempt to get an agreement to open China's market is part of the US administration's plan to deal with trade disputes through strong trade action rather than removing the broader MFN tariff designation, which puts China on equal ground with most other US trading partners. MFN has allowed China to garner huge chunks of the US market for textiles, clothing and electronics.

Mr Massey will be negotiating under a Section 301 trade action launched in October, giving Beijing a year to lift barriers. Washington complains of quantitative import curbs, import licences, undue certification and trade rules. It is pushing for agreement in June.

Asia-Pacific region prepares for new jet take-off

Airbus and Boeing are seeking to attract Japanese partners for their jumbo projects, Paul Betts writes

FT LARGE Asia-Pacific airlines are expected to provide the main market for the development of a new generation of ultra-large commercial aircraft by the turn of the century.

Senior executives of both the European Airbus consortium and the US Boeing company yesterday told a Financial Times conference on Asia-Pacific aviation that they were already studying the development of new 600-seat jumbo aircraft with potential airline customers. Both companies were also seeking to attract Japanese aerospace companies as partners in their proposed new jumbo aircraft projects.

Mr Adam Brown, Airbus planning director, said the consortium expected the market for a 600-seat ultra-large aircraft to be highly concentrated, with 60 per cent of the new jumbos being needed by only nine airlines worldwide. Of these, five came from the Asia-

Pacific region, which is expected to continue showing vigorous growth in air transport during the next 10 years. The five Asian carriers were Japan Air Lines, All Nippon Airways, Cathay Pacific, Singapore Airlines and Korean Airways. The four others were British Airways, Northwest Airlines, United Airlines and Iberia.

Boeing expects the development of a 600-seat aircraft to cost about \$6bn (\$3.4bn) and is forecasting an overall demand for 700 ultra-large airliners, with the first entering service around 2002. "I believe that the design and development of this giant aircraft represents the next great challenge for commercial aviation," Mr Brown said. "It could offer an extraordinary opportunity for the manufacturing industry in the Asia-Pacific region."

He has already paid two visits to Japan to sound out possible interest on the part of Japanese manufacturers to become partners with Airbus in developing the new jumbo.



Airbus: flying into an era of 600-seat aircraft

The three big Japanese aerospace companies, Kawasaki Heavy Industries, Fuji Heavy Industries and Mitsubishi Heavy Industries, are currently tied to Boeing in collaborating in the 100-to-400-seat market. But they would have the opportunity to co-operate with Airbus in the new 600-seat market.

Mr Brown suggested the Japanese companies could find a partnership with Airbus on the development of a new jumbo more attractive than continuing collaboration with Boeing, which has been reluctant to

co-operate on core technologies and know-how. "I raise the question as to how much longer Boeing can hope with such an approach to satisfy the legitimate aspirations of the dynamic developing nations in the Asia-Pacific region," he said.

He conceded, however, that Japan remained nervous of abandoning its traditional US partner. "The question is whether they are psychologically ready," Mr Brown said. Boeing is also talking with airlines about the feasibility of a super jumbo and has formed

a large Airplane Unit at its Seattle headquarters to study the project. Mr Richard Albrecht, a Boeing executive vice-president, said the company was looking at three alternatives for developing an ultra-large aircraft. This included a stretched version of the Boeing 747-400; the extension of the 747's upper deck over the entire length of the aircraft's fuselage; and a completely new aircraft with a double-deck fuselage.

Boeing is also considering developing a new extra-large aircraft with a folding wing tip to enable the aircraft to use existing 747 terminal gates at airports. The manufacturer is already offering a version of its new 777 twin-engine widebody airliner with folding wing tips, although no airline has yet opted for this.

Mr Albrecht acknowledged it was too early to say if the market would be able to sustain more than one new jumbo aircraft project, which would be "very expensive" to develop.

McDonnell Douglas of the US is also considering developing a larger version of its MD12 three-engine jet which it hopes to develop in partnership with Taiwan and possibly Korea, and is already negotiating the sale of a 40 per cent stake in its commercial aircraft operations to Taiwan Aerospace for \$2bn.

The big aircraft manufacturers have their sights firmly fixed on the Asia-Pacific market because traffic in the region is expected to double by the end of the decade. At the same time, airport and air traffic congestion is expected to limit longer-term growth of flight frequencies in the area.

Airbus thus predicts that, during the next 20 years, the average size of jets operated by Asia-Pacific airlines, already substantially higher than that of any other region, will rise from 228 to as high as 334 seats. "This will obviously require the delivery of substantial numbers of aircraft very much larger than anything flying today," Mr Brown said.

Bae in pact for fighter jet

McDONNELL DOUGLAS of the US and British Aerospace have agreed to develop and produce a new strike fighter-aircraft, Daniel Green reports.

It will be capable of short take-off and vertical landing like the Harrier jet which is also produced under an agreement between the two companies. The new project is independent from the Harrier.

McDonnell Douglas said yesterday technical demonstrations should be made by 1999 and it should be operational between 2005 and 2010. The initial programme would be to define the aircraft's capabilities and what missions it would be asked to undertake. This could lead to manufacture of a demonstration aircraft, in turn used to test new propulsion and manufacturing techniques.

The deal depends on approval from the US government. It needs to give the go-ahead to the required transfer of technology. McDonnell Douglas makes the Harrier under licence from British Aerospace, but has improved its performance and specification for US military use.

Call for end to German software 'piracy'

US computer software publishers have petitioned Mrs Carla Hills, US trade representative, to take action to curtail "pervasive piracy" of software programs in Germany, Louise Kehoe reports from San Francisco. According to a US software industry group, illegal copying of software programs in Germany cost the worldwide software industry nearly \$1.9bn (£1.08bn) in 1990.

"Stopping piracy in Germany is the highest trade priority for the US software industry, and we call on the US government to help our cause by obtaining

a commitment from the German government to solve this problem," said Mr Robert Holleman, managing director of the Business Software Alliance (BSA), a trade group whose members include the largest US software companies.

The industry asked Mrs Hills to place Germany on a "priority watch list" under Section 301 of US trade law, which requires the government to take action to resolve the complaint and provides for imposition of trade sanctions. Piracy in Germany cost the US software industry an estimated \$731m in 1990, the industry group said. The German government has failed to enforce copyright laws against individuals and companies that use copied software, it claims.

Industry executives say the problem stems from rampant software copying in the former East Germany. Rapid growth of market demand in Germany since unification is being met by illegal software that is fast achieving a deeper market penetration than legitimate products, the US group contends.

"Illegal practices of this scale are inexcusable in a country such as Germany where the economy and business culture are among the most advanced in the world," Mr Holleman said. "We call on the German government to implement the EC's directive for the legal protection of software. . . . Further, we call on the US government to address this problem with Germany as one of our nation's top trade priorities in 1992."

The group also cites Italy, Taiwan, Thailand, Poland and South Korea as countries that have failed to implement protection of software copyrights.

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Nafta talks run into stalemate

CRUCIAL talks on the proposed North American free trade agreement (Nafta) in Dallas last week have done little to resolve uncertainty clouding the treaty, as negotiators refused to say where, if any, significant breakthroughs were made, Damian Fraser reports from Mexico City.

President Carlos Salinas de Gortari and George Bush will meet in San Antonio this week, where they will discuss progress over the talks and perhaps give their negotiators authority to make key concessions.

The Mexican government, according to various Mexican press reports, is still being pressured to make further concessions in agriculture, energy, treatment of foreign investment, and the financial sector. The three countries involved, the US, Mexico and Canada, seem also to be divided over textiles, cars, a disputes mechanism and anti-dumping rules.

The US trade representative's office said negotiators would report to their trade ministers before scheduling another meeting.

ITC bans chip imports in row over patents

THE US International Trade Commission has issued an exclusion order banning import of semiconductor devices made outside the country by five American companies whose products were found to infringe a patent held by Texas Instruments (TI), Louise Kehoe reports from San Francisco.

The exclusion order now

goes to President Bush for review and signing. It would prevent the companies importing and selling any integrated circuit or circuit board product that uses TI's patented technology. But the ITC order is not expected to have any material effect on the five companies.

They are Analog Devices, Cypress Semiconductor, Integrated Device Technology, LSI

Logic and VLSI Technology. The companies say they no longer use the technology in TI's complaint. The impact of the exclusion order is significantly diminished by an earlier ITC ruling narrowing TI's patent claims, enabling the companies to circumvent TI's patents.

The technology in question is the process whereby elec-

tronic chips are encapsulated in plastic packages. TI holds patents on the most commonly used method called "bottom gating" where plastic is injected into a mould cavity underneath the chip. But since the TI complaint was filed 18 months ago, all five have converted to an alternative approach which the ITC ruled is not covered by TI's patent.

The technology in question is the process whereby elec-

ONCE A YEAR IN HANNOVER

THE STAGE IS SET FOR NEW TECHNOLOGIES

A cast of 6,000 exhibitors from 40 countries will be appearing at the world's biggest and most impressive industrial show. When the curtain goes up on 1st April 1992 it will reveal the state of the art to a vast audience of professionals. In keeping with contemporary interests and demands the spotlight will be on innovative electronics and sensor technology, flexible, automated manufacturing, modern surface treatment technology, rational energy technology and environmental engineering. This vast industrial show is the main

1.-8. 4. 1992

event of the year. Above all, it will provide an excellent opportunity to assess the strength of the competition, exchange innovative ideas, transfer technology and - not least - establish new international business contacts. Hannover is as important to the world of industry as Bayreuth is for classical opera. And anyone who's anything will be at the premiere.

RESEARCH AND TECHNOLOGY · ELECTRICAL ENGINEERING AND ELECTRONICS · ENERGY AND THE ENVIRONMENT · PLANT ENGINEERING AND INDUSTRIAL MATERIALS · ASSEMBLY, HANDLING, INDUSTRIAL ROBOTS · SURFACE TREATMENT · TOOLS AND FACTORY EQUIPMENT · SUBCONTRACTING · PARTNER COUNTRY FRANCE

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HANNOVER MESSE '92

Bank of Credit & Commerce International

Statement by the Majority Shareholders

On 20 February 1992 a proposed settlement was initiated by the Majority Shareholders and the liquidators of BCCI. This is the result of months of hard work to secure a fair deal for depositors and creditors following the closure of the bank.

The proposed settlement is the final chapter in the Majority Shareholders' campaign to secure a future for BCCI after they became majority shareholders in April 1990.

Events leading up to the Proposed Settlement

After becoming Majority Shareholders we discovered certain problem loans within the bank. We immediately sought to uncover the extent of the wrongdoing and identify the wrongdoers. We injected substantial amounts of fresh capital and brought about board and management changes including the removal from their posts of the bank's President and its Chief Executive Officer.

Our objectives were very clear; to ensure that the bank should be run properly and that it should operate successfully.

Towards the end of 1990 we produced a restructuring plan which continued to be developed and refined during the first six months of 1991.

At the same time we set up an investigating committee which included BCCI's auditors, Price Waterhouse, and began to discover what is now well known.

BCCI had sustained substantial losses for a number of years which had lain undiscovered. **They were revealed by the investigations instigated by us.**

All these initiatives were taken in co-operation with BCCI's auditors, Price Waterhouse, and the College of Regulators, including the Bank of England, who were kept informed of developments at every stage.

Nevertheless, on 5 July 1991, the Bank of England and other regulators closed the bank without warning and on information supplied secretly by Price Waterhouse in a draft Section 41 report, which contained no allegations of new fraud created within the bank after April 1990.

Since then we have set out to limit the damage caused by the closure. When it became clear that there was no future for the bank we began discussions with the liquidators to devise a plan to improve and speed up the overall return to creditors worldwide.

The Proposed Settlement

These discussions have led to the proposed settlement with the liquidators which when approved by the courts in the UK, Luxembourg and the Cayman Islands and by at least 70% of the creditors would include:

- ☐ A very substantial payment by the Majority Shareholders.
- ☐ A return to creditors estimated by the liquidators to be 30-40 cents in the dollar.
- ☐ The Majority Shareholders taking on responsibility for certain liabilities of the BCCI branches in UAE.

Why this Proposed Settlement is right for depositors and creditors

- ☐ The settlement avoids the need for long and expensive litigation in many different jurisdictions.
- ☐ The liquidators have estimated that without such a settlement the return to creditors is likely to be less than 10 cents in the dollar and this return would not be made for a number of years, if at all.
- ☐ Whereas it is estimated by the liquidators that the proposed settlement will, when implemented, provide depositors and creditors with 30-40 cents in the dollar.

All of this has been undertaken despite the fact that our original plan to restructure the bank was thwarted by the regulators and Price Waterhouse; and that Price Waterhouse's draft Section 41 report contained some very serious and completely unsubstantiated criticisms of the Majority Shareholders; and finally that we, as depositors, as investment clients whose funds have been misappropriated and as shareholders, are the largest losers by far.

After we became majority shareholders we devoted a great deal of time and energy in attempting to restore the reputation of the bank and to place it on a sound footing. Our task was frustrated by the closure of the bank in July 1991. In spite of this we have sought a solution which is fair and just for depositors and other creditors worldwide who, having placed so much innocent trust in the bank, have suffered so greatly.

The Majority Shareholders of the BCCI Group comprise:
the Government of Abu Dhabi, the Abu Dhabi Investment Authority and
the Department of Private Affairs of H.H. Shaikh Zayed bin Sultan al - Nahyan

24 February 1992

UK NEWS

Major hints at shift on policy over Scotland

By James Buxton and Tony Moreton

MR JOHN MAJOR, the prime minister, hinted yesterday that the government would review its opposition to constitutional change for Scotland after the general election.

He said in a BBC radio interview: "I have come to Scotland to set out the case for maintaining the union in all its aspects. After the election we will take stock."

A poll in Wales, meanwhile, indicated that 47 per cent of the principality's population favoured its own elected assembly, with only 31 per cent against. In the 1979 referendum Wales voted four-to-one against an assembly.

Mr Major urged Scots at the weekend to reject both inde-

pendence and devolution, and extolled the virtues of the union of the UK and the role of Scotland within it.

But though only a minority of Scottish Tories support constitutional change, many in the party believe that it might have to change its policy if it loses some of its nine remaining Scottish seats in the general election.

There was no sign of a change of policy from Mr Ian Lang, the Scottish secretary, when he opened a five-hour debate on Scotland's constitutional position at the Scottish Grand Committee of Scottish MPs, held in Edinburgh. The five-hour debate was held in the chamber built to house the

Scottish assembly planned by the last Labour government.

It produced few new arguments but was marked by angry attacks on each other by Labour, which wants a devolved Scottish parliament, and the Scottish National Party, which wants independence.

Mr Lang attacked the funding structure for Labour's planned parliament, saying that even if it were assigned all income tax and VAT raised in Scotland, that was "less than half of total identifiable public expenditure in Scotland and less than third of total government expenditure in Scotland."

Even if the Scottish parliament, as Labour had said,

imposed an extra 3p on income tax in Scotland, it would only raise 2.5 per cent of government revenue in Scotland.

In a whole range of ways, he said, "a Scottish parliament would run amok among the business and individual taxpayers of Scotland, to fund the policies that would bring her to her knees."

Mr Donald Dewar, Labour's 'shadow' Scottish secretary, delivered a strong defence of the opposition's proposals for a Scottish parliament. It meant that Scots would be "governed by representatives they elect and will retain our links with the other countries which make up the UK."

Mr Lang, he said, "always

agonises over the impact of a Scottish parliament on the UK. He never considers the damage being done to Scotland by the present system."

Mr Alex Salmond, leader of the SNP, said that a devolved Scottish parliament would be unstable, as was the status quo. "Independence in Europe both offers stability and prosperity," he said.

A devolved Scottish parliament would depend for more than 90 per cent of its income on the discretion of Westminster. It would have little say in Scotland's dealing with the EC and leading members of the Labour front bench, such as Mr John Smith, shadow chancellor and Mr Gordon Brown,

shadow industry secretary, had said they would stay at Westminster rather than serve in it.

In Wales a poll commissioned by the Western Mail newspaper in conjunction with S4C, the Welsh fourth TV channel, indicated growing support for an assembly but found that 31 per cent of voters remain uncommitted.

When asked by NOP, who conducted the poll, whether the creation of a Scottish assembly, another Labour commitment, would influence their thinking, the number in favour of a Welsh assembly jumped to 61 per cent with only 24 per cent against and 14 per cent don't know.

Joe Rogaly, Page 19

BRITAIN IN BRIEF



Honda picks suppliers for new plant

Honda, the Japanese vehicle manufacturer, has appointed 136 European and two US component manufacturers to supply parts for Synchro, its new car range to be built starting in October at its £300m factory near completion at Swindon, western England.

UK suppliers, including five Lucas Automotive divisions and Unipart subsidiaries, have gained the majority of the European supply contracts for the Synchro, which will have 60 per cent "local" (European) content at the start of production, rising to a scheduled 80 per cent by mid-1994.

Of the non-UK nominated suppliers, 19 are from France, including the Valeo group; 13 from Germany, four from Italy, two each from Spain, Belgium, Ireland, Austria and the US, and one each from Portugal, Denmark and Sweden.

UK airline cuts services

British Midland Airways, the UK's second largest scheduled airline, is abandoning domestic services in favour of international routes.

The carrier is to halt flights between London's Heathrow Airport and Liverpool at the end of March. It will use the freed landing "slots" at the London hub for services to Brussels.

Teachers vote against Tories

Teachers intend to vote overwhelmingly against the Conservatives in the coming election, according to a new opinion poll.

The poll, of 507 state sector teachers in England and Wales conducted earlier this month, shows 48 per cent proposing to vote Labour, 22 per cent Liberal Democrat and 17 per cent Conservative; 10 per cent did not know.

The poll, commissioned by the NASUWT teachers union, was conducted before the government announced a generous 7.5 per cent pay increase for teachers in state education next year.

Briefings on Ulster

The government has begun a series of briefings for Northern Ireland's political leaders intended to fill the vacuum in the province's politics until formal "round-table" negotiations can begin. Mr Brian Mawhinney, Northern Ireland minister, opened the first discussions in Belfast on economic and social issues following the government's decision to wind-up attempts to start political negotiations until after the general election.

Minister to stand down

Mr Alan Clark, the colourful and controversial defence procurement minister, has announced that he will be stepping down from the Commons at the coming general election.

His decision was revealed to his Tory constituency association at the weekend. When told that his agent had said he was leaving for "personal reasons", Mr Clark reacted with characteristic abruptness: "I never said that. 'Personal reasons' usually means there has been a scandal and I can assure you there is nothing of that."

Freeze sought on excise duty

The Scotch Whisky Association has called for a budget standstill on spirits excise duty after a 12 per cent decline in volume sales last year.

It has also appealed to the chancellor of the exchequer to use the Budget to move towards a system under which all drinks pay the same duty per degree of alcohol.

'Filthy fuel' to be burnt

Ten million tonnes of orimulsion, the bitumen-based fuel described as "front runner for the title of filthiest fuel in the world," could be burnt in Britain in three years' time, compared with 500,000 tonnes today. The announcement from BP Bitor, the sole supplier of the fuel in Europe, provoked fierce criticism from environmental groups.

Savings scheme for servicemen

The government is to subsidise a home savings scheme for armed forces personnel. The scheme, designed to provide benefits similar to the tax relief home-owners receive on mortgage interest, was announced by Mr Tom King, defence secretary, in a package of resettlement measures.

New safety measures urged for offshore rigs

By Lisa Wood, Labour Staff

A TOUGH new safety regime, which will take North Sea rig operators' costs of improving safety to more than £1.7bn, were recommended yesterday by the Health and Safety Commission (HSC).

The draft regulations flow from the inquiry by Lord Cullen, the senior Scottish law officer, into the 1988 Piper Alpha explosion and fire in which 167 workers died and which caused the industry to re-think its approach to safety. The recommendations have been put out for consultation before being submitted to government. They are expected to become law next year.

Operators in the North Sea welcomed the consultative document but said they would question aspects of them, including a regulation that could result in operators having to provide standard temporary safe refuges on unmanned installations.

Lord Cullen in his report recommended technological innovations to improve safety, such as the installation of emergency shutdown valves.

He also urged a revamp in the way safety was managed. Under the new draft regulations, which implement 30 of the 106 recommendations set by Lord Cullen, operators will have to submit a "safety case" for each installation by next year and it must be accepted by the HSC. Other Cullen recommendations will be incorporated in future HSC regulations.

The HSC estimates that the overall cost of modifying installation will be about £1.75bn, most of which has already been spent or committed by operators.

Labour seeks identity on debt and tax policy

By Ralph Atkins and Alison Smith

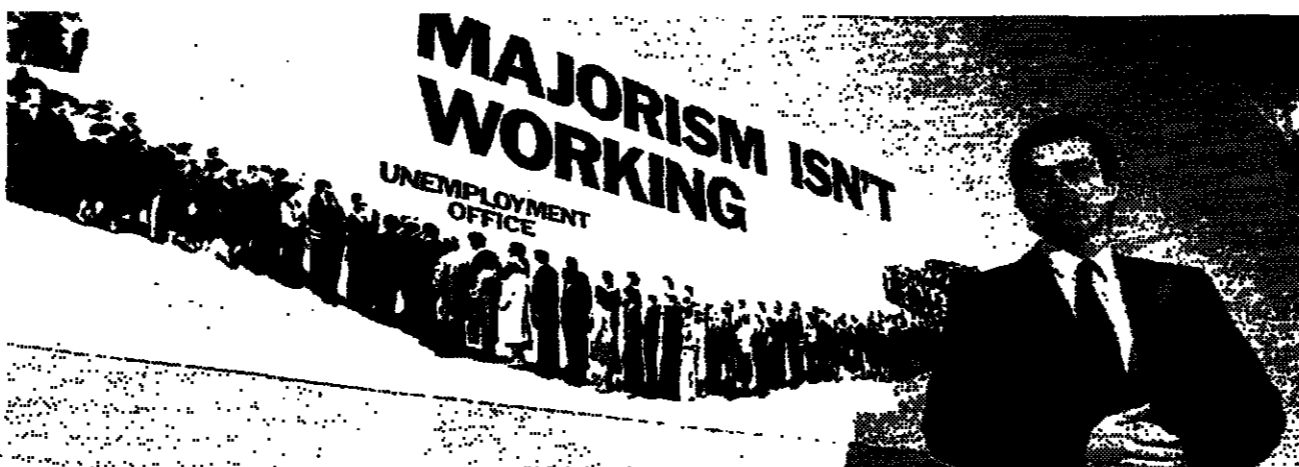
THE opposition Labour Party yesterday sought to distinguish further its economic policy from the Conservative's in the fierce pre-election campaign by saying any extra borrowing should be for investment, not tax cuts.

Mrs Margaret Beckett, 'shadow' chief secretary to the Treasury, said a Labour government would split Britain's national accounts into current and capital components so it was clear how borrowings were being used.

Although Mrs Beckett did not say how borrowing would increase or fall under Labour, she said that to allow the Public Sector Borrowing Requirement to share of gross domestic product to rise as high as 5 per cent, "would be very much pushing our luck."

She condemned as "extraordinarily irresponsible" the suggestions by some Tories that it would be prudent to increase the PSBR to pay for tax cuts in the Budget. Such a move would be "political chicanery of a high order."

Mrs Beckett warned that Tories may be "massaging expectations" about the Budget



Campaign trail: Tony Blair launches Labour's latest poster

so that a PSBR forecast of below £30bn would be regarded as cautious.

Her comments reflect Labour's determination to at least match the Tories' claims to financial caution and to respect rules on financial deficits agreed at Maastricht while accepting higher borrowing is inevitable in a recession.

Mr Tony Blair, Labour's employment spokesman, launched a further attack on the government's unemployment record. Behind a Labour adaptation of the 1979 Conservative poster "Labour isn't working," read "Majorism isn't working."

Mr Blair said comparative figures showed that the south east of England had the fastest

rising unemployment of any region of Europe and that the UK had suffered "far and away the sharpest fall" in employment of any EC country. A Labour study, based on job losses reported in newspapers, suggested UK job losses have exceeded 56,000 since the beginning of the year.

Downing Street, meanwhile, responded to Labour claims

that Mr Major had incorrectly said Britain had the fastest-growing economy in Europe between 1981 and 1991 by saying, the UK's growth rate had been higher than that of other "major" EC countries, except Spain. However, smaller EC countries with a higher growth rate over the same period were Portugal, Ireland and Luxembourg, according to the OECD.

Lloyd's of London faces fresh dispute over losses

By Richard Lapper and David Owen

FRESH disagreement at Lloyd's of London, the international insurance market, looks set to surface today when a group of loss-making Names confront Mr David Collier, the chairman, over the handling of alleged malpractices.

The Names - individuals whose personal assets provide the insurance market's capital - are particularly concerned about the appointment of Sir David Walker, chairman of the Securities and Investment Board, the investment watchdog to oversee the investigation.

Some Names who will meet Mr Collier today plan to question Sir David's independence. Sir David is a member of

the Lloyd's governing council.

"There is a suspicion he won't do anything to embarrass his friends in the club," Mr Alfred Doll-Steinberg, chairman of the Gooda Walker Names Action Group, said.

This fresh skirmish coincides with the gathering momentum behind the legal battle Lloyd's and some of those Names worst hit by the market's recent losses.

Lloyd's is now in open dispute with several hundred Names - who like Mr Doll-Steinberg are members of loss-making catastrophe reinsurance syndicates. This follows Lloyd's decision to defend a legal action being brought by

Names against the agents who handle their affairs.

The Names are seeking injunctions to prevent Lloyd's from drawing down deposits that Names place with their agents when they join the market. They claim the cash calls are "improper."

The solicitors acting on behalf of Names, Michael Freeman & Co, now expect the total number of plaintiffs in the action to be over 600. Mr Michael Freeman said yesterday that Lloyd's decision to enter the proceedings "had caused a mass of writs from people who otherwise would never have been part of this action."

Mr Doll-Steinberg's remarks followed

a meeting of MPs and Names convened at Westminster yesterday by Ms Marjorie Mowlem, Labour's City affairs spokeswoman, with the aim of keeping the pressure on Lloyd's and improving co-ordination between the various Lloyd's action groups.

On Friday, the agents agreed to give temporary undertakings to freeze Names' deposits until the outcome of court hearings fixed for about 26 March is known. The Names provided cross undertakings which means that if their action ultimately fails they must compensate Lloyd's for any financial loss suffered. Lloyd's warned yesterday that these amounts could be substantial.

The mood of Britain



Newcastle

Yesterday Michael Cassell began his journey across the UK to test the mood of the British as they approach a crucial general election. Prime Minister John Major must 'go to the country' before July 9. Opinion polls show that the electorate is still undecided. The final decision may lie in the voters' perception of what 13 years of Tory rule has done for Britain. Today the path leads to north-east England: torn by recent riots but deeply proud of a new partnership between industry, unions and local government

Where a river runs between hope and despair

THE street names conjure up images of suburban, south-east gentility, typical of the English "home counties" around London. But Dorking, Didcot and Tonbridge Avenues represent the worst kind of neighbourhood nightmare in north east Britain.

Barrack-style council homes, some boarded up and others burned-out, line the roads at the heart of North Tyneside's Meadow Well estate. Riots here last autumn brought public pandemonium and brief, unwelcome notoriety.

"Nothing's changed round here. Nothing likely to," muses Pat Moore, who cruises the area in a battered, flat-bed truck touting for scrap.

He laughs through tombstone-sized teeth at a torrent of Anglo-Saxon abuse, launched from an upstairs window, accusing him of taking anything that is not bolted down. On Tyneside, even sets of temporary traffic lights go missing, kidnapped for use in Do-It-Yourself discos.

Moore considers himself

lucky not to live on Meadow Well and hail from nearby Wallsend, where they launched the Maudslayi, the ocean-going liner bathed in a luxury unimaginable to its builders. Now, the town is famed as the birthplace of Sting, the pop singer with an inspirational rags to riches life story; he now prefers London's leafy Highgate suburb.

Many might suppose that the "rags to riches" order has been reversed in north-east England, once dubbed the cradle of "carboniferous capitalism" but more recently regarded as a state-dependent province populated by Mrs Thatcher's "moaning minnie" critics.

Though not at all representative of a region struggling to break free from its past, Meadow Well, christened by some hopeful soul unburdened by a sense of irony-reeks of despair and decay.

Only the foolhardy would inquire hereabouts as to the benefits recent years have brought. On Meadow Well, where nearly every home

needs jobs, the only benefits come in a book stamped Department of Social Security. The welfare state, still receiving the same share of national income as it did ten years ago, is thriving here.

At the other end of Newcastle lies further deprivation. In the City's West End, tyre tracks burned into the road trace the exploits of daredevil delinquents. Nearly a quarter of children live with one parent and a similar proportion daily plays truant from school; half of all those under 24 are out of work.

With his wife the only breadwinner, Rakesh Chopra watches over the washing and two noisy children in Westgate Hill laundrette: "I worked very hard but the factory moved away. They said I could go but there was a home, so we have to stay."

Things look brighter just across the Tyne, in Gateshead. J B Priestley remarked that if anyone ever made money in Gateshead they had been careful not to spend it there. Now,

however, there is the Metro-Centre, a vast shopping shrine which has become a cliché for George self-confidence, luring airborne bargain-hunters from as far as Oslo and Rejkjavik.

But despite the deep and continuing antipathy in the region towards Mrs Thatcher's values, the former prime minister made her mark. "The north-east was, reluctantly perhaps, gradually remoulded during her years in power. 'She came up here and made it clear we'd get 'owt for nowt. We said she owed us nothing and if we wanted things to improve we'd have to damn well fight for it,'" recalls Joe Mills, regional secretary of the Transport and General Workers' Union and a board member of the Tyne and Wear Urban Development Corporation.

He claims the fight was well underway before Mrs Thatcher's handbag swung into town but he acknowledges the region was stung into renewed action by her attitude: "She forced all the tribes together."

Mills's present, dual role neatly reflects the progress which has been made to unite parties which traditionally stood on opposite sides of almost any argument.

Critics of the new partnership, forged out of necessity but set to endure, are angered by a perceived betrayal of old allegiances. Promotional slogans like "the great north", aimed at the rising number of inward investors, often elicit sneering cynicism.

Most people, however, readily welcome increasing local co-operation between industry, councils and the regeneration agencies in an effort to replace the shipyards, coal mines and heavy engineering factories with the key-stones of a modern economy.

"There has been an incredible change in attitudes in the last ten years. The begging bowl approach has gone, according to John Ward, regional director of Barclays Bank.

"There is real partnership now, with business talking to

Labour-controlled councils displaying a refreshing pragmatism. Everyone is pulling in the same direction and the enterprise culture has rubbed off."

Prof Peter Taylor of Newcastle University reckons most people in the north east spent half the 1980s believing Thatcherism was inherently evil and would just go away.

"Everyone waited for Labour to come back and put things right with large-scale, state solutions. But the agenda has changed and now they are trying to get things done for themselves." He emphasises, quite unnecessarily, that the north-east is not, however, about to go Tory.

John Tomaney, from the city's centre for urban and regional development studies, sees a waning solidarity within the working class between those in employment and those without jobs.

For some, new opportunities arose out of misfortune. In Consett, where the clinging, red dust from the steel works

finally lifted to reveal a new generation of biotechnology companies, plastics manufacturers and food processing specialists; for special steels now read tortilla chips.

Victims of some closures have tried to make it on their own, using redundancy cash and enterprise allowance funds to run fish and chip shops or sub-post offices. For some the gamble was regarded more as a last resort than a confident, new beginning; a Teesside Polytechnic survey shows there is little "hi-tech" or manufacturing involved and many would-be entrepreneurs quickly fail.

Not all, however. Six years ago, a redundant Robin Edgell set up a small laundry service supplying companies around Durham. He has no regrets: "I'm not much better off and work twice as hard but I love being my own boss."

Edgell says he used to vote Labour but now they are "too quick to give with one hand and take back with the other. They talk as though reasonable

people won't mind paying a bit more tax. I'm sorry but I want to pay less."

Edgell would like to have a crack next at supplying the new industrial giants like Nissan at Washington. At the gates of the car manufacturing fortress, workers decline to talk about employers with alien names and attitudes: "Can't slag them off any more. They take it too personally."

Further south, away from the land of the rising sun and the single union deal, lies Sacriston, a dismal, hilltop village where coal mining started in 1350 and ended in 1985. An old pit wheel stands in the town centre as a reminder of things past. Ian Tressler, a young storeman who wants to live in London, says Japanese employers would be very welcome locally: "We'll get karaoke down the pub and make them feel at home. If they bring jobs with them, they'll never have to buy their own pin!"

Tomorrow: Mike Cassell moves down Lincolnshire



In partnership: union leader Joe Mills, a member of the development corporation, admits Mrs Thatcher forced the north east to fight for its future

MANAGEMENT: The Growing Business

Throwing the book at directors

Sarah Hegarty explains why failure to file accounts can lead to a criminal conviction

In a Nutshell

Japanese come up to standard

Japanese companies with operations in the UK have proved reluctant to set much store by BS5750, the most popular quality assurance standard in Britain, preferring to apply their own already highly polished quality systems both to themselves and to their suppliers.

In what is believed to be the first indication of a change in Japanese attitudes, Toshiba Information Systems (UK) is urging its copier dealer network to adopt BS5750.

Toshiba has announced a £250,000 programme and the help of its own quality assurance scheme for all of its "major account dealers" and many of its "authorised dealers".

Holding banks to account

The key issues facing the banks in their treatment of their small business customers is the subject of a three-day international seminar to be held in Newcastle, Northern Ireland on June 24-26.

The seminar is open to bankers, financiers and small business advisers and policy makers.

Contact Ken O'Neill, Northern Ireland Small Business Institute, Ulster Business School, University of Ulster at Jordanstown, Newtownabbey, Co. Antrim, Northern Ireland, BT37 0QB.

Measuring up to the single market

Some small businesses have proved reluctant to use the self-audit packs which are available to test their readiness for the single European market, Birmingham City College's Euro Unit has responded with a European Audit Pack, which enables a consultant to measure the extent to which a company complies with directives.

Contact Barry Coleman, Matthew Boulton College, Sherlock Street, Birmingham B5 7DB. Tel. 021 446 4545.

In 1987, when Judy Dean and her husband Peter set up a company and made Judy a director, they had no idea that four years later she would end up with a criminal record.

Yet last December, Judy Dean (not her real name) was convicted under the Companies Act of failing to file annual returns or accounts on time.

In an average month, Companies House prosecutes about 160 company directors. In 1991 alone, 3,356 directors of 2,208 companies were prosecuted for failing to file annual returns and 1,894 directors of 1,284 companies were prosecuted for failing to file annual accounts. If convicted, they get a criminal record.

The duty to submit "certain basic information about a company's structure and finances" is the quid pro quo for being able to incorporate a limited company and is the personal responsibility of the company's directors. Private limited companies have to submit the information within 10 months of the end of the financial year; public companies have seven months in which to do it.

But it is not the personal responsibility which worries owners of small businesses and those, like Dean, who fall foul of the system. They are concerned that the government appears determined to make their mistakes a criminal offence.

"There seems to be a move among civil servants to criminalise these offences," says Stephen Alambritis of the Federation of Small Businesses, which has published a report on the penalties facing company directors. "Everyone recognises that fraud is wrong, but even negligent, honest mistakes are now seen as serious misdeeds."

It is more than a decade since the first IBM PCs appeared on desktops, but according to recent surveys, many businessmen and women are still uncomfortable with PC technology.

Help is usually at hand in a large organisation, either from the whiz-kids in the information department - assuming they can be torn away from their latest technical journal - or from less intimidated colleagues.

But the small business computer user, or potential user, must seek other solutions.

The first issues to confront the uninitiated are often the basic questions - do I need a computer and what can it do for me?

Most computer advisers and salesmen would like potential customers to believe that life without a PC is barely worth living and that a PC on the end of a desk can do just about everything.

To reality many basic office functions, such as keeping a diary or simple bookkeeping, are more easily and efficiently achieved with paper, pen and calculator.

Basic data, like sales figures or customer addresses, do not miraculously appear in a computer's electronic brain. They have to be put there, usually via the keyboard.

What computers, or rather the software programs that run on them, are particularly good at is organising and manipulating information, and performing complex or repetitive tasks or calculations.

Examples include combining a mailing list of customers compiled on a database program and a letter written on a word-processing program to send out details of a special offer.

They are also good at examining what happens to profits if suppliers increase prices; or calculating tax, national insurance contributions and pay for employees each week, using a spreadsheet programme.

By far the most common use of PCs is for accounting. A recent survey found that more than half the small companies with a computer had bought it for this purpose.

The other main use is as a word-processor, although this may mean that the machine ends up being little more than a glorified typewriter.

Alambritis says the FSB has been advising its members for some time that Companies House was taking a tougher stance towards people who file accounts late. "Companies House is no longer the lax organisation it was in the 1970s. It's now a government agency and is computerised and very aggressive."

Dean was well aware of her responsibilities as a company director, but says that in her case, the company for which she was fined did not even trade for a full year.

It was set up to enable her to work flexible hours so she could also care for her sick husband. But as he became seriously ill, she was forced to give up work to look after him.

But as she started to recover, on sale in local newspapers is enough to deter all but the most determined.

Similarly a visit to a High Street electrical shop will probably only confuse - most of the machines likely to be on display are underpowered and overpriced, and the shop assistant is most unlikely to be of any help. There are, however, other ways to go about buying a computer.

Specialist computer stores and the software houses willing to provide advice, unless they are of the pile-them-high-sell-them-fast variety.

However, many potential customers also find computer stores intimidating - after all, who wants to show off their ignorance to a youth half their age?

For those with lots of money to spend, there are computer consultants who will advise on purchase, find and set up the equipment, load the software and teach the customer how to use the new toy.

But such advice does not come cheap. A morning's training on a new accounting package, for example, can cost several hundred pounds.

The only real alternative is often self-help, which need not be terrifying. In many of the computer magazines there are

sections designed specifically for the novice.

For example, What Micro magazine has a section called "How to buy" while Computer Shopper has a buyer's glossary and a section dealing with buying equipment each month. This has also been put together in a useful £2.95 book called PC Buying Questions.

Other books for learners include the PC Novice's Handbook which includes jargon-busting sections on hardware and software and a chapter on shopping - the PC Crash Course and Survival Guide, and What to do when a MICRO lands on your desk.

The standard advice on buying a computer used to be to decide on the software first. This is less important these days because the IBM-compatible standard is nearly all pervasive - the honourable exception being the user-friendly Apple Macintosh computer family.

Most PCs have become interchangeable machines which will run most of the

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Are you looking for hotels/restaurants or building permits in Rhône-alpes or Clermont-Ferrand and its surroundings? For further information, please contact the best specialised hotels agency.

Hotels Investissements Conseils
10 Boulevard des Belges - F - 69006 - LYON
Fax 33 78 94 15 36/Tel 33 72 44 27 56

GROWING EXPORT
COMPANY

Well established profitable with cash resources company with strong markets in overseas consumer industrial and automotive products is looking for expansion through purchase of the company or consider buying individuals with order book but short on financial resources.

Full details: Nucleus Management Ltd
8 Sturminster Road, Bournemouth,
Dorset BH1 1BJ

CHILLED FOOD
MANUFACTURER

sought for joint venture or acquisition. Problem company accepted.

Write to Box H6573, Financial Times,
One Southwark Bridge,
London SE1 9UL.

BUSINESS
WANTED

Acrylic Knitwear manufacturer. Write to Box H6566, Financial Times, One Southwark Bridge, London SE1 9UL.

Touche
RossLeavecolt Limited
(In Administrative Receivership)

The Joint Administrative Receivers, Ralph S. Preece and Grahame J. Watts, offer for sale the freehold interest, goodwill and contents of the following:

- Two Public Houses subject to short term tenancies located in Burnley, Lancashire.
- One managed Public House located in Rochdale, Lancashire, with an annual turnover of approximately £250,000.
- Two vacant nightclub properties located in Birkenhead, Merseyside and Lytham, Lancashire.

For further information, please contact Paul Whitman or Garry Wilson at the address below.

10-12 East Parade Leeds LS1 2AJ. Tel: 0532 439021. Fax: 0532 448942.

DRI International

Smith & Williamson

Corporate Recovery - Litigation Support - Corporate Finance - Taxation - Building Investigations - Investment Management - Pension & Life Assurance - Accounting - Auditing

The Joint Administrative Receivers of
ATLANTIS PAPER
COMPANY LIMITED

Offer of sale of Business and Assets of this supplier of archival, conservation and artistic materials.

- ★ Turnover of 9 months to 31/1/92 £1.1M.
- ★ Audited turnover year end 30/4/91 £1.4M.
- ★ Striking modern freehold offices and retail showroom comprising of 16,900 sq. ft. on 3 levels, partly sublet, situated at Bow, London E3, adjacent to Docklands Light Railway Station.
- ★ Overall site area of 1.16 acres of flat cleared site with planning permission for a warehouse unit.
- ★ Neighbouring site with planning permission for a 31 Unit of 25,000 sq. ft.
- ★ Freehold Grade II listed property of circa 18,000 sq. ft. situated at Gullivers Wharf, Wapping suitable for development.

For details contact Peter Yekdon or Andrew Appleyard on 071-637 5377 at the offices of Smith & Williamson, No.1 Riding House Street, London W1A 3AS. Fax: 071-323 5683.

Smith & Williamson
Chartered Accountants
Authorised by the
Institute of Chartered Accountants
in England and Wales to carry
on investment business.

Smith & Williamson Securities
Authorised Institution under
Banking Act 1987.
Member of IMCA, Member of the
British Merchant Banking
and Securities Houses Association.

THE DRAYCOTT

The Joint Administrative Receivers of The Draycott Club Limited and Abuk Limited, Paul Finn and Patrick Wasted, offer for sale this exclusive and internationally acclaimed 25 bedroom luxury town house 'hotel'.

- Long leasehold property in Cadogan Gardens, SW3
- 25 fully equipped letting rooms (accommodating 41 people)
- Lavishly furnished and decorated public rooms
- Unaudited turnover year ending 31.12.91 £1,009,288 (net of VAT)

For further details please contact:

Robert Barry & Co.
7 Upper Grosvenor Street
Mayfair, London W1X 9PA
Tel: 071-491 3026

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Dicksmith
(Engineers) Limited

The Liquidator invites offers for the business and assets of Dicksmith (Engineers) Limited.

- ◆ Precision engineering company - 5 minutes from Heathrow.
- ◆ Fully equipped workshop with 3 CNC machines.
- ◆ Large order book.
- ◆ Blue chip customer base.
- ◆ Turnover for year ending December 1991 £1.2m.

Further information may be obtained from the Liquidator Malcolm Cohen ACA, or Jan Leigh at Stoy Hayward, 8 Baker Street, London W1M 1DA. Tel: 071-486 5888 Fax: 071-935 3944.

STOY HAYWARD

Accountants and Business Advisers

A member of Horwath International

Authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business

LEONARD CURTIS

BY ORDER OF THE JOINT ADMINISTRATIVE RECEIVERS
JONATHAN J. SCHAPIRA A.C.A. & KEITH D. GOODMAN F.C.A.
IN THE MATTER OF

CLADCOLOR
PROFILES LTD

Offers are invited for the assets business & stock of this steel strip profiling company. The company specialises in slitting, coil coating & profiling of roll formed roof and wall claddings profiles.

Located in large freehold premises at Whitehead Estate Docks Way Newport Gwent. The company has 75 employees - a substantial order book and has been engaged in up-dating procedures giving it increased capacity. In addition there is an excellent quality laboratory, the products are quality assured and regulated under No. B55750/IS9002 and it's products are held in high regard by industry.

Turnover Approx. year end Sept. 1990 £18 Million

Sept. 1991 £13 Million

Further information please contact:

Leonard Curtis & Co, Chartered Accountants,
30 Eastbourne Terrace, London W2 6LF
Tel: 071-262 7700 Fax 071-723 6059

REF: 11 / NK

CRANKS WHOLEFOODS

The Joint Administrative Receivers of Cranks Limited, Peter Copp and Tony Supperstone of Stoy Hayward, offer the business and assets for sale as a going concern. Cranks is one of Europe's leading wholefood businesses and has been established for 30 years.

- ◆ 6 retail outlets in Central London operating as restaurants and take-away shops and 1 in South Devon.
- ◆ Central Production Unit in London N7, supplying vegetarian and wholefood products throughout the United Kingdom and abroad. Substantial blue chip customer base with large forward order book.
- ◆ Turnover has been growing and in 1991 exceeded £4 million.

Further information may be obtained from The Joint Administrative Receiver, Peter Copp, or Shay Bannon, at Stoy Hayward, 8 Baker Street, London W1M 1DA. Tel: 071-486 5888 Fax: 071-935 3944.

STOY HAYWARD

Accountants and Business Advisers

A member of Horwath International

Authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business

LEONARD CURTIS

BY ORDER OF THE JOINT ADMINISTRATIVE RECEIVERS
DAVID SWADEN FCA & DERMOT J. POWER FCA
IN THE MATTER OF

RAFFLES HOTEL LIMITED

Offers are invited for the business and assets of the above company. Its principle activity is to provide accommodation to the general public and by private contract for group bookings.

- ◆ Leasehold premises close to Manchester University and Polytechnic buildings, ideal for conference accommodation.
- ◆ 72 bedrooms in two buildings, many en suite.
- ◆ Licensed bar facilities and restaurant suitable for weddings receptions and dinner dances.

Enquiries should be addressed to Gas Ratcliffe at:

Leonard Curtis & Partners, Chartered Accountants
Peter House, Oxford Street, Manchester, M1 5AB
Tel: 061 236 1955 Fax: 061 228 1929

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BUSINESSES FOR SALE

The Joint Administrative Receivers of Kullenberg Limited, John Neil Harrison FCA MIPA and Alexander Michael Murray Ross FCA MIPA offer for sale the following assets of the company:-

- 25A White Bear Yard, Lisle Street, Soho. Two newly built office suites. Unit 1, 3425 sq ft. Unit 2, 4785 sq ft.
- Spencer Court, St Johns Wood, NW8. Three leasehold flats, 69 years unexpired.

For further information please contact:
Neil Harrison or David Clements
Kreston House
74 South Street
Reading
RG1 4RA
Tel: 0734 585466

finnies
CHARTERED ACCOUNTANTS

The Joint Administrative Receivers of London & Gloucester Investments Limited, John Neil Harrison FCA MIPA and Alexander Michael Murray Ross FCA MIPA offer for sale the following assets of the company:-

- 42 - 44 Beak Street, London W1, 11,612 sq ft office development.
- 58 - 60 Petty France, London SW1, 14,370 sq ft office development.
- St John's Square, London EC1, 10,060 sq ft, office with planning permission for a development of 13,500 sq ft.
- 22 - 23 Great Poulteney Street, London W1, 6,000 sq ft office building.

For further information please contact:
Neil Harrison or David Clements
Kreston House
74 South Street
Reading
RG1 4RA
Tel: 0734 585466

finnies
CHARTERED ACCOUNTANTS

The Joint Administrative Receivers of Kullenberg Investments Limited, John Neil Harrison FCA MIPA and Alexander Michael Murray Ross FCA MIPA offer for sale the following assets of the company:-

- 33/34 Alfred Place, London WC1, 15,600 sq ft office building. Over 75% let, income producing.
- Goswell Road 25,313 sq ft leasehold office building. Lease term 71 years unexpired. Part let.

For further information please contact:
Neil Harrison or David Clements
Kreston House
74 South Street
Reading
RG1 4RA
Tel: 0734 585466

finnies
CHARTERED ACCOUNTANTS

The Joint Administrative Receivers of Brideworth Ltd, John Neil Harrison FCA MIPA and Alexander Michael Murray Ross FCA MIPA, offer for sale the following assets of the company:-

- Units 3, 4 & 5 Allied Industrial Estate Acton, London W3. 91,026 sq ft of warehousing with minimum office and limited parking.

For further information please contact:
Neil Harrison or David Clements
Kreston House
74 South Street
Reading
RG1 4RA
Tel: 0734 585466

finnies
CHARTERED ACCOUNTANTS

PIM Holdings Group Limited

The Joint Administrative Receivers offer for sale the businesses and assets of the following companies

- **P.L.M. BOARD CO LTD:** Sunbury On Thames. Formed in 1898 the company is widely acknowledged as the inventor of medium density hardboard. Now the holding company of the Sundale Companies. Freehold site (3.75 acres) adjacent to junction 1 of M3. Site suitable for existing manufacturing facility or for redevelopment.
- **SUNDEALA BOARD CO LTD:** Sunbury on Thames. Manufacturer of medium density board for notice boards and use in the construction industry. Annual Turnover to June 1991 £8.7m. National Customer Base. Sundalea Brand Name. Specialised Plant and Machinery. Main occupant of Sunbury Freehold.
- **VESTOS (UK) LTD:** Sunbury on Thames. Treatment of board to produce a fire resistant product. Annual Turnover to June 1991 £420k. Established Customer Base. Vestos Brand Name. Specialised Plant and Machinery. BS 5750 Part 1.
- **PERFORATIONS (SUNBURY) LTD:** Sunbury on Thames. Distribution and sale of notice boards and ancillary products. Annual Turnover to June 1991 £163k. National Customer Base. Leasehold premises next to Freehold.
- **SUNDEALA CEILING LTD:** Sunbury on Thames. Contracting including ceilings, partitions and wall lining. Annual Turnover to June 1991 £173k. National Customer Base. Leasehold premises next to Freehold.
- **SOUND MASKING LTD:** Sunbury on Thames. Specialist acoustic treatment services by electronic and physical barriers. Annual Turnover to June 1991 £526k. National Customer Base. SoundSorb Brand Name. Leasehold premises next to Freehold.
- **FULL SPECTRUM LIGHTING LTD:** Sunbury on Thames. Specialist Lighting services for commercial and medical purposes. Annual Turnover to June 1991 £161k. National Customer Base. UK distributor for TRUE-LITE products. Widely prescribed to assist sufferers of SAD (Seasonal Affective Disorder). Modern leasehold premises. Skilled workforce. Plant and machinery.
- **PRESSBOARD LTD:** Stroud, Gloucestershire. Manufacturer of pressed hardboard components for the motor and shoe industry. Manufacturer of storage boxes and systems. Annual Turnover to June 1991 £6.3m. Customers include UK motor manufacturers and component suppliers. Intastore Brand name. BS 5750 Part 2. Modern leasehold premises. Skilled workforce. Plant and Machinery.

For further information please contact The Joint Administrative Receivers
Martin Lloyd or Ron S Harding, Pannell Kerr Forster & Partners
Regent House, Clifton Avenue, Nottingham NG5 1AZ.
Tel: 0602 606171, Fax: 0602 603665.

Authorised by the Institute of Chartered Accountants in England and Wales to carry on Investment Business.

**PANNELL
KERR
FORSTER
& PARTNERS**
INSOLVENCY PRACTITIONERS

THE CLARENDON HOTEL

Substantial assets and business for sale. The hotel is situated in the heart of Edinburgh and is a prime example of a successful business opportunity.

- 51 en suite letting bedrooms
- 3 conference rooms
- Cocktail bar and lounge

For further information please contact:
CHRISTIE & CO. 5 Logie Hill, Broomfield Business Park, Logie Green Road, Edinburgh.
Tel: 031 557 6666

CHRISTIE & CO.
CORPORATE & ACQUISITION
5 Logie Hill, Broomfield Business Park, Logie Green Road, Edinburgh.
Tel: 031 557 6666

Knight Frank
E3 & Rutley
INTERNATIONAL
Tel: 071 629 8171

Irish Rubber Limited
(in Receivership)

The business and assets of Irish Rubber Ltd are offered for sale as a going concern. The company is one of the two manufacturers of natural rubber bathing caps and baby cot sheets worldwide.

- Fully serviced 80,000 sq.ft. single storey factory/warehouse building on a 9 acre site.
- Milling, calendaring, laminating, embossing, vulcanising plant and equipment
- Standby generator
- 90% export business with established customer base
- Experienced and skilled workforce available

For further details please contact: Mr Paul G Wyne, Receiver and Manager Oliver Freany & Company 43/45 Northumberland Road Ballsbridge, Dublin 4 Telephone: 01-688544 Fax: 01-687351.

The Carr Tanning Co. Limited
(In Administrative Receivership)

The Joint Administrative Receivers offer for sale the business and assets of the above company, which is engaged in light leather manufacture.

- Turnover £4m per annum
- Substantial export business
- Long-established independent tannery
- Experienced workforce
- Close proximity to motorways
- Speciality products

For further details please contact
Cedric Clapp at Ernst & Young, One Brideswell Street, Bristol BS1 2AA. Telephone: 0272 290808. Facsimile: 0272 260162.

ERNST & YOUNG
Authorised by the Institute of Chartered Accountants in England and Wales to carry on Investment Business.

Tour Operator & Travel Agent

Business available for outright sale. Key features include:

- Turnover £1.8m (1990/91)
- Based in West Yorkshire
- Experienced staff
- ASTA/ATOL member

For details please apply in writing to
Hamish A Dunlop, Director, Ernst & Young Corporate Finance, Barclays House, 6 East Parade, Leeds LS1 1HA.

ERNST & YOUNG
CORPORATE FINANCE
Authorised by the Institute of Chartered Accountants in England and Wales to carry on Investment Business.

STRUCTURAL STEEL FABRICATION AND ERECTION

Hamilton Slade Company Limited

The Joint Administrative Receivers, N.J. Vooght and J.M. Iredale, offer for sale the business and assets of this Structural Engineering Company.

Principal features of the business include:

- Freehold site of approximately 4 acres at Tilmanstone, Kent.
- Close to Channel Tunnel, ports and motorway network.
- Factory unit 35,700 sq. ft.: Offices 4,025 sq. ft.
- Turnover £2.5 million approximately (45% capacity).
- Capacity 8,000 tonnes p.a.
- Computer controlled production giving accuracy, economy and quality.
- In-line shotblasting, sawing and drilling.

For further information, please contact Alison Abernethy of Cork Gully, Orchard House, 10 Albion Place, Maldstone, Kent ME14 5DZ. Telephone: (0622) 672961. Fax: (0622) 662053.

Cork Gully is authorised in the name of Coopers & Lybrand Deloitte by the Institute of Chartered Accountants in England and Wales to carry on Investment Business.

Cork Gully

SHOPFITTERS & SPECIALIST JOINERY MANUFACTURERS

Marathon Contracts Limited

The Joint Administrative Receivers offer for sale the business and assets of this well-established, 10 year old Shopfitting and Joinery company.

Principal features of the business include:

- Turnover of £2.8m p.a.
- Factory unit with office accommodation of approximately 9000 sq ft
- Close to Birmingham City Centre
- Extensive range of joinery machinery
- Production staff of 41
- Good order enquiry base
- Well-established client base within retail & leisure industry

For further information please contact David Warner or Ian Carrothers at Cork Gully, 43 Temple Row, Birmingham, B2 5JT. Telephone: 021 236 9966. Fax: 021 200 4040. Contact can also be made at the company. Telephone: 021 643 3699. Fax: 021 643 3699

Cork Gully is authorised in the name of Coopers & Lybrand Deloitte by the Institute of Chartered Accountants in England and Wales to carry on Investment Business.

Cork Gully

HOTEL COMPANY FOR SALE

Sheffield based Freehold Hotel Business with full liquor licence, 13 letting bedrooms and separate living accommodation. Offers circa £475,000. Enquiries in confidence.

Write Box 19726, Financial Times, One Southwark Bridge, LONDON SE1 9HL

Leading-Edge Plastics Business

Profits in excess of £500,000 worldwide customer base joint venture partner or purchaser required.

Write Box 19725, Financial Times, One Southwark Bridge, LONDON SE1 9HL

Unique Greeting Card Concept

Company wishing to concentrate on main stream activities wishes to dispose of computerized greeting card division.

Write Box 19664, Financial Times, One Southwark Bridge, LONDON SE1 9HL

PRINTERS

Pilotford Limited

The Joint Administrative Receivers, J.C.M. Bishop and R.W. Cork, offer for sale the business and assets of this printing and photocopying company.

Principal features of the business include:

- Turnover of £1.5m p.a.
- 30 staff
- Trading from four leasehold premises in the West End and the City
- Commercial lithographic printing and large format photocopying services

For further information please contact J.C.M. Bishop at Cork Gully, Shelly House, 3 Noble Street, London EC2V 7DQ. Telephone: 071 606 7700. Fax: 071 606 9887.

Cork Gully is authorised in the name of Coopers & Lybrand Deloitte by the Institute of Chartered Accountants in England and Wales to carry on Investment Business.

Cork Gully

OXFORD UNITED FOOTBALL CLUB PLC

The Joint Court Appointed Receivers to the Estate of the late Ian Robert Maxwell are inviting offers for their majority shareholding in Oxford United Football Club Plc. The Estate's shareholding represents 89.5% of the total issued ordinary share capital and voting rights of the company.

For a compilation of publicly available information and further information regarding the procedure for submission of offers, please contact:-

Peter Phillips,
Buchler Phillips & Co.,
84 Grosvenor Street,
London W1X 9DF

Facsimile 071-629 9444.

BUCHLER PHILLIPS & CO.

Appointed representative of Buchler Phillips which is authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.

OIL REFINING & PROCESS INDUSTRY CLEANING COMPANY

Due to a change in Holding Co. strategy a cleaning contract is a small but growing Specialist Contractor is for sale.

For further information Telephone 0833 31103 or Fax 0833 693661

CLAPHAM & WANDSWORTH

Two successful bar/restaurants for sale. Both freehold corner sites, 3,000 sq.ft. plus. Healthy cash sales, good development potential. For further details contact J. Symes, 061 879 2121.

The Aberdeen University Press Limited
(In Interim Administration)

The business and assets of the above publishing company are available for sale as a result of an administration order against the company.

- Publisher of academic and Scottish cultural interest books.
- 230 authors.
- Back list of 370 titles.
- 40 new titles annually.
- Contacts with all Scottish universities.

Please forward enquiries to: Alan Jamieson, Price Waterhouse, Albany House, 58 Albany Street, Edinburgh EH1 3QR. Tel: 031 557 9900. Fax: 031 225 5352.

Price Waterhouse

NORTH WEST

Heavy engineering company. Turnover 2.4 million. Well established company.

PRICE: Negotiable
To include 30 acres of freehold land and 83,500 sq ft of buildings.
F W ALLEN & SON
Chartered Surveyors 15/15a Station Road, Cheadle Hulme, SK8 5AF
061 483 4121

BUSINESSES FOR SALE

Confectionery Manufacturer

Barker & Dobson, Keiller, Bensons, Milady, Victory V, Hacks

The Joint Receivers offer for sale as a going concern the business and assets of the Alma Holdings Group. The group is based in Tayside and Fife, Scotland and is a very well-established player in the confectionery industry.

Principal features include:

- Group turnover approximately £40 million pa, split:

James Keiller, Dundee	£17 million
Angus, Dundee	£ 2 million
Glenrothes	£ 5 million
Alma, Kirkcaldy	£ 4 million
Somportex Viceroy, Birmingham	£ 5 million
Factored goods	£ 7 million
- Freehold and leasehold properties, plant, machinery and stock.
- Manufacturing in Dundee, Glenrothes and Kirkcaldy.
- Well-known brands including: Barker & Dobson, Keiller, Bensons, Milady, Victory V, Alma, Chix, Squirrel, Hacks, Almallo.
- Manufacturing licences and overseas royalty income.
- Established customer base including prominent retail groups.
- Approximately 750 employees including experienced management team.

For further information contact the Joint Receiver, Rod Owen, KPMG Peat Marwick, Saltire Court, 20 Castle Terrace, Edinburgh EH1 2EG. Tel: (031) 222 2000. Fax: (031) 222 2020.

KPMG Corporate Recovery

Stockspring Limited (In Receivership)

The joint administrative receivers, Scott Barnes and Maurice Withall, offer for sale the business and assets of the following trading subsidiary companies.

Charles Barr Furniture Ltd. Sandy and Wroxham

Manufacturers of reproduction antique furniture.

- Freehold premises in Sandy, Bedfordshire and Wroxham, Norfolk
- Annual turnover c£1.6m
- Order book c£450,000
- Skilled workforce
- Large customer base

Charles Barr Furniture Ltd. Bradford

Manufacturers of fireplace surrounds and bath panels.

- Freehold premises in Wibsey, Bradford with planning potential
- Skilled workforce
- Annual turnover c£1.7m

Borofloors Ltd. (t/a Ham DIY)

Leasehold DIY shop in Richmond, Surrey

- Annual turnover c£140,000

F Harris (Carpet Planners) Ltd. (t/a The Original Lusty Lloyd Loom Company)

Specialist import business based in Chipping Camden, Gloucestershire, dealing in woven fibre furniture.

For further details contact the Joint Administrative Receiver, Scott Barnes, Grant Thornton, Melton Street, Euston Square, London NW1 2EP.

Tel: 071 383 5100 Fax: 071 383 4077.

For interest in the Bradford division only, please contact Adrian Storrie on tel. 0274 734341.

Grant Thornton

The U.K. member firm of Grant Thornton International. Authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.

Powered Access Specialist

Kettering

The Joint Liquidators offer for sale as a going concern the business and assets of Malmqvist Work Platforms Limited.

The company is involved in selling the Malmqvist Work Platform range of products, technical support and after sales, parts and labour.

Principal features include:

- Turnover £370,000 per annum.
- Leasehold property.
- 3 complete work platforms.
- Skilled workforce.

For further information contact The Joint Interim Liquidator, Myles Halley, KPMG Peat Marwick, Peat House, 1 Waterloo Way, Leicester LE1 6LP. Tel: 0533 471122. Fax: 0533 547626.

KPMG Corporate Recovery

Trout Farm The Midland Fishery

Nailsworth, Gloucestershire

The Joint Administrative Receivers offer for sale the Midland Fishery, which is a very long established fish farm specialising in supplying both brown and rainbow trout for re-stocking to angling clubs and water authorities.

Principal features include:

- 34 acres of freehold property comprising 30 clay lined pools and woodland
- Fish stocks
- 2 service cottages
- Mill with planning consent
- Experienced staff

For further information contact the Joint Administrative Receiver, John Wheatley, KPMG Peat Marwick, Peat House, Lansdown Road, Cheltenham, Gloucestershire GL50 2JA. Tel: 0242 222020. Fax: 0242 221970.

KPMG Corporate Recovery

Speedball Indoor Cricket Limited

(In Administration)

Bradford, West Yorkshire

- Long leasehold property comprising
 - land (approx 1.5 acres)
 - specialist indoor sports hall (approx 15,000 sq ft)
 - ancillary area (approx 5,000 sq ft) including two bar areas
- Annual turnover £200,000

For further details please contact the Joint Administrator: Peter S Flesher, Grant Thornton, Eldon Lodge, Eldon Place, Bradford BD1 3AP. Tel: 0274 734341. Fax: 0274 390177.

Grant Thornton

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Somportex Viceroy Ltd.

The Joint Administrative Receivers offer for sale the business and assets of the above company. The business based in West Bromwich, Birmingham specialises in the import, export and distribution of confectionery.

Principal features include:

- Established customer base.
- Stock including in excess of 12 brand names supplied by major manufacturers such as Barker & Dobson, Crawfords, Lamy/Lutti, J J Lees.
- Leasehold property comprising approximately 10,000 sq ft.
- Experienced sales team.
- Turnover in the region of £5 million.
- Goodwill.

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CONFERENCES AND EXHIBITIONS

Tuesday February 25 1992

The international conference and exhibition industry has had a tough year as a result of the Gulf War and recession. But the signs are that the market is picking up in the US and UK, with trade shows still going strong. David Churchill looks at prospects for the coming year

Long haul to recovery

THE CONFERENCE and exhibitions industry, after what has probably been its worst-ever year, still faces a far from rosy 1992. Visitors to the main trade show for the conference and exhibitions business which opens at London's Earls Court today, will know only too well how far the recession has forced companies to cut back on this sector of marketing communications.

A survey, published today, of conference organisers in over 200 of Britain's largest companies indicates a worsening of demand this year, with fewer events. Those that are held are likely to involve fewer delegates than usual.

The survey, carried out by the Meetings Industry Association and London's government-owned Queen Elizabeth II conference centre, found that 40 per cent of corporate organisers of meetings expected to hold fewer events this year, with only 36 per cent expecting to hold more. The rest thought the level of activity would be the same.

But seven out of every 10 companies polled also believed

that conferences would be shorter this year, while virtually all agreed that competition among conference venues would be fierce.

Ms Deborah Carlton, managing director of Blenheim Events, which is organising the Confex trade show, says that the "feedback we have had seems that while there may be light at the end of the tunnel, we still have a difficult year ahead."

This view is shared by others in the conference sector. "While conference and incentive travel is a valid marketing tool for many companies, it has been an area of significant cut-back in 1991 and there is no sign of an expenditure uplift in 1992," says Mr David Hackett, managing director of conference organiser the Travel Organisation.

But the exhibitions side of the sector seems to have been less hard hit. "People are using exhibitions in a more determined way to find out the best deals on offer in the most cost-effective way," suggests Mr John Glandfield, a director of the Earls Court and Olympia complex.



Mr Neville Bach, chairman of the publicly-quoted Blenheim Group, the largest UK exhibitions organiser, reports that the median attendance at its UK exhibitions last year was 20 per cent higher than for the same events in 1990.

"We feel that the brand leaders in particular markets which use our exhibitions are not only slow to feel the effect of the recession but also seem to be fairly fast in responding to the beginning of its end," he says.

Yet in both the conference and exhibitions businesses, international activity is the key to the sector's recovery. "There is considerable strength of demand from overseas clients, particularly multinational companies," says Mr Paul Swan, managing director of conference production company Spectrum Communications.

Ms Carlton of Confex points out that there is an increased international presence at this year's London trade show. "This indicates how aggressively European and long-haul destinations are marketing themselves to UK buyers," she says.

International affairs are also benefiting some niche sectors of the industry. Mr Neil Thomas, managing director of Hawkestone Conferences, says that "the degree of legislation coming out of Brussels means

that there is considerable interest in the sort of specialist tax and financial conferences we mount."

The true state of the conference and exhibitions business, however, is shrouded by its fragmentation. The meetings business ranges from small internal management and training conferences held within companies to those held at specialist venues or in hotels.

Corporately-run conferences can be used to communicate to target groups such as a new product launch or investor presentation. The conference business also encompasses the large-scale trade association meetings and government-in-

spired conferences. An important part of the business is travel, with conferences often used as a thinly-veiled cover for an incentive trip to motivate staff or reward distributors.

Exhibitions also are fragmented, with the main ones held in major venues such as Earls Court or Birmingham's National Exhibition Centre, but with many smaller ones held in hotels and as part of conference venues.

Estimates of the size of the industry vary, but the most recent value placed on UK conference activity is some \$500 a year, calculated by management consultants Coopers & Lybrand Deloitte. That sug-

gests the sector is several times larger than previously thought, mainly due to taking into account small meetings held in hotels and other venues.

The latest figures on spending on exhibitions, calculated by the Incorporated Society of British Advertisers, suggest that the recession was already being felt in 1990; some £761m was spent by British companies - a decline of 9 per cent over 1989 and the first time in two decades that exhibition expenditure had fallen. But spending by international companies on UK exhibitions rose from £240m to £252m.

International conference and exhibition delegates are a key engine of growth for the industry, according to the British Tourist Authority. "The actual expenditure by conference visitors is only the tip of the iceberg," says Mr Peter Glover, head of the BTA's business travel department. "The income to Britain also includes pre- and post-convention tours and visits, as well as spending by accompanying visitors during the conference itself."

BTA figures show that in 1990 (figures for 1991 are not yet available) the number of international conference visitors to Britain topped 300,000 for the first time. Moreover, average spending by conference visitors at £290 was higher than that by the average visitor (£242) and the average business visitor (£488).

The growth of international conference and exhibition activity has spurred UK venues to upgrade or develop their facilities. Birmingham has put itself firmly on the international conference scene with its new International Conference Centre, opened by the Queen last year.

The Earls Court and Olympia complex in London, the UK's most popular venues, is now concentrating on improving its infrastructure (better access roads and an improved tube service from Earls Court

IN THIS SURVEY

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- EURO DISNEY: an off-season programme
- INCENTIVE TRAVEL: the mission to motivate
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to Olympia) over the next five years rather than adding new space.

But the UK industry faces considerable competition for the large-scale meetings, not only from established continental venues (and newer facilities such as that offered by Euro Disney) but also from further afield. Hong Kong, which two years ago opened its new convention centre, will this summer play host to its largest-ever conference - some 25,000 members of the Lions Club International.

Much of the growth in the industry, however, is expected to come in the 1990s from small-scale meetings of up to 100 participants. It is these groups which the leading international hotel chains such as Forte, Hilton, and InterContinental are targeting with special conference packages aimed at offering a better service for conference groups than hotels have traditionally provided.

The long-term threat to the growth of international conferences, however, remains the increasingly sophisticated tele and video conference technology. The restrictions on international travel during the Gulf War gave a substantial boost to this style of communication. However, few within the industry are seriously worried: face-to-face meetings at conferences or exhibitions give most executives benefits that they will not want to give up lightly.

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- 17-20 June 1992
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- 25-28 June 1992
The PC Show '92
- 8-11 July 1992
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- 7-10 August 1992
The Singapore International Dental Exhibition & Conference (SIDECE '92)
- 15-18 September 1992
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- 23-26 September 1992
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CONFERENCES AND EXHIBITIONS 2

WHEN ELECTRONICS giants Philips, Sony and Matsushita wanted to increase awareness among both hardware manufacturers and software developers about interactive compact discs, they decided collectively to sponsor a conference for the trade to tell all of them about this new consumer product.

But, unusually in an industry where corporate hospitality is the name of the game, trade delegates were not given free access by the sponsors. Instead, they had to pay £385, plus value added tax, to attend the conference and associated exhibition.

"We felt that people who were likely to come to the conference expected to get a lot out of it in such a new and exciting area and so were willing to pay," explains Ms

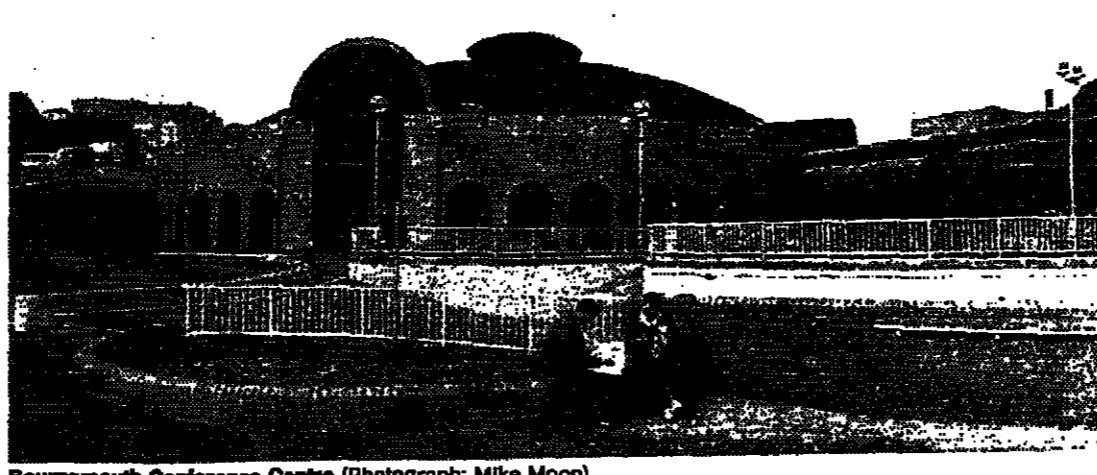
two years ago and repeated last year, will this year move to the larger facilities available at the Queen Elizabeth II conference centre.

The conferences have achieved the sponsors' aims of involving current and potential software developers in the new product and demonstrating that the interactive compact discs work on a single worldwide technical standard. "This has meant that the target audience has focused on the product and not on the companies," adds Ms Cotton.

The use of a self-financing conference to help reach target audiences by the electronics manufacturers shows that conferences are being regarded as an important part of the marketing mix, even in a recession.

Such large-scale corporate conferences are the new focus of the conventions business. "They have to be firmly targeted at specific groups if they are to prove successful," says Mr Neil Thomas, managing director of Hawkemere Conferences, a London-based organisation. "For example, we specialise in a lot of the information type of events dealing with new EC legislation and tax issues which people need to know about," he adds.

Mr Paul Swann, managing director of conference production company Spectrum Communications, agrees. "Companies are giving more emphasis to setting clear objectives for both individual events and further long-term communication programmes," he says. "Moreover,



Bourne Conference Centre (Photograph: Mike Moon)

CONFERENCES

A self-financing trend

there is an increasing practice of measuring results against those objectives, sometimes taking advantage of independent market research among participants before and after the event."

Yet in spite of the popularity of high-profile corporate conferences, the bulk of the market still consists of relatively small meetings. A survey of over 1,000 companies and

conference organisers, carried out by the publishers of the Conference Green and Blue Book guides to conference venues, found that more than two-thirds of all conferences are for between only 11 and 100 participants. Only one in every 10 of the conferences it surveyed were for more than 200 delegates.

Another survey, carried out by management consultants Coopers &

Lybrand Deloitte, found that the three main purposes of most UK conferences were for training, small executive meetings and general management get-togethers.

Yet in the international conference market, the three key types of conferences were incentive meetings, trade fairs and product launches and large international conventions.

The consultants' survey pointed out, however, that "production companies consider the number of suitable venues in the UK as very limited and most are already booked ahead, with the result that many launches probably go abroad."

In the UK market, the impact of the recession has been most felt in the length of conferences held and the number of delegates attending. Mr Sean Bodkin, sales and marketing manager at the QE II centre, says that "some which were traditionally spread over three days are now reduced to a single day."

Mr Swann from Spectrum says that "while a greater diversity of employees, customers and dealers are participating in conferences, the numbers attending individual events are smaller as organisers take more care to ensure that only those for whom they are relevant are invited."

The consultants' survey, which covered nearly 500 conference organisers and venues, also found, not surprisingly, that there had been "a significant increase in the cost-consciousness of delegates."

Choosing a conference venue is based less on price, according to the Green and Blue Book survey, than on the right room capacity, geographical location and ease of access. Research carried out by the QE II centre found that catering was also ranked highly when conference facilities were chosen. "We have therefore put a lot into raising catering standards, working closely with our caterers, Leith's," says Mr

Bodkin. The trend, he reports, is for less alcoholic drink to be consumed at lunches, partly as a result of the recession but also due to growing health consciousness among delegates.

A more cogent trend than the amount of drink consumed is the growing sophistication of audio-visual and video equipment and presentations at conferences. Although the slide as a means of visual presentation still dominates, it is now definitely in decline. Better computer graphics, video production and video projection equipment have led to significant improvements in the quality of videos shown at conferences.

The major development in this area is high definition television, which gives a quality and picture size closer to conventional films

than normal video. At present, however, there is no system firmly established as the industry standard, which makes it very expensive to use in conferences: equipment and production costs are running at about twice those of conventional broadcast quality television.

David Churchill

EXHIBITIONS

Statistics prove a point

HOW EFFECTIVE are exhibitions? The industry is well aware that this key question has worried many users of its services over the past decade: they think exhibitions work but are a little unsure just why and how.

Hence, recent research carried out by Taylor Nelson Business Services for the Exhibition Marketing Group provides some of the much-needed statistical research into the industry's effectiveness.

Some 1,400 respondents across 13 industrial sectors

were interviewed as part of the research, and the exhibitions business fared well in comparison with other forms of media.

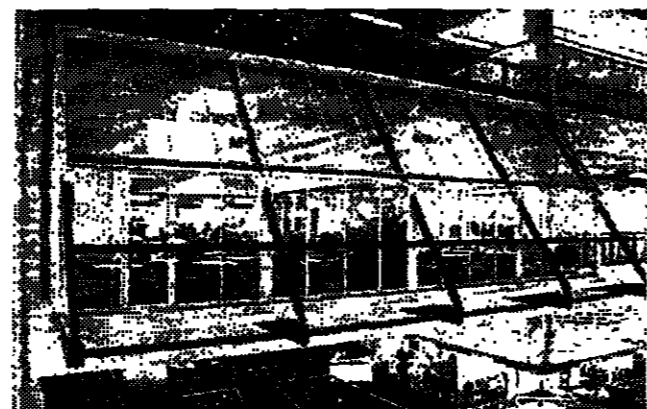
While the trade press was seen as the best medium for a new product launch - cited by 33 per cent of the sample - trade exhibitions came next with 24 per cent, well ahead of direct mail (8 per cent), news-

papers and public relations (7 per cent each). But as the most effective medium for quality sales leads, trade exhibitions came top - with 24 per cent - followed by the trade press (23 per cent), sales reps (14 per cent) and direct mail (12 per cent).

And as the best medium for corporate image and public relations purposes, exhibitions trailed only the trade press by 24 per cent to 28 per cent. Public relations itself came third with 11 per cent of the sample citing it.

The survey came up with some interesting other information about why visitors attend exhibitions. Keeping abreast of technology was cited as the main reason, followed by just "seeing what's new". But what exhibition visitors want to see, the survey shows, is more staff on stands who are technically minded and knowledgeable about the product; order takers and sales reps were not particularly sought after, although their role was acknowledged.

Mr Phil Soar, chief executive of the publicly-quoted Blenheim Exhibitions Group, believes that exhibitions must sell themselves by being different from other media, not by competing with them.



The new Conservatory Restaurant at Olympia 2

heim Exhibitions Group, believes that exhibitions must sell themselves by being different from other media, not by competing with them.

"The world will move to more and more narrowcast forms of media," he forecasts. "Exhibitions are the perfect narrowcast medium - they can and do attract very specific, highly motivated and interested audiences."

The Exhibition Industries Federation (EIF) has also taken concern about the effectiveness of exhibitions to heart and has commissioned research studies into their benefit to exhibitors and visitors alike.

It says that, based on its surveys, the average number of sales leads generated by exhibitors was almost 300 per exhibitor, with nearly three-quarters of these new leads. Exhibitors expected that more than a quarter of their leads would be converted into sales.

More ambitious effectiveness studies are now being carried out by the EIF. Such efforts are clearly needed as the latest figures from the Incorporated Society of British Advertisers (ISBA) show that, even before the full impact of the recession was felt last year, spending on trade, technical and consumer exhibitions was down for the first time in two decades.

What is clear from the ISBA

and EIF figures is that the main cutbacks are being felt in terms of smaller stands and reduced construction costs. EIF figures show that the average duration of exhibitions in 1990 was 3.4 days, compared with about 3.7 days in 1989.

Spending by exhibition visitors also fell in 1990, down 6 per cent to £502m. UK-based day visitors accounted for almost 88 per cent of exhibition attendance in 1990 and, as they usually travel from work or home, and incur no accommodation costs, their overall spending per visit is much lower than domestic overnight visitors or overseas visitors.

Average spending by domestic day visitors rose by some 5 per cent in 1990 to £27 a day, but after taking inflation into account this was a slight decline in spending. But spending by UK exhibition visitors who used overnight accommodation fell from £179 to £158 per visit. Only overseas visitors managed to buck the trend: they spent an average of £487 per visit in 1990, compared with £443 in 1989.

How to reach such important target customers will be the focus of National Exhibitors Day at the International Conference exhibition being held at London's Earls Court this week. Ms Deborah Carlton,

managing director of Blenheim Events, which is staging the exhibition, says that "much still needs to be learned about the benefits of exhibitions as part of a sales and marketing campaign."

She adds: "Too many exhibitors fail to set clear aims and objectives before and after an event or realise the importance of stand presentation during the exhibition itself."

The problem (although officially denied) often is that exhibition halls - like restaurants - have both good and bad locations: exhibitors in the know clear of the notorious "black spots" which few visitors seem to pass by.

David Churchill

EUROPEAN VENUES

The missing beds

ACROSS EUROPE, conference and exhibition venues often suffer from the same fault: insufficient hotel space adjacent to the venues to accommodate the numbers of delegates and visitors.

The problem is most acute in Berlin, Vienna, Copenhagen and Birmingham - in spite of the opening last year of a new Hyatt hotel next to the International Convention Centre in the latter city.

Even when venue capacity and hotel accommodation is neatly matched - as in the Sorrento Palace conference facility - other problems arise. Sorrento, for example, is served by Naples which cannot easily provide the international direct flight capacity or scheduled services to match the demand for the venue.

Other well-planned conference centres which have successfully developed trade fairs - such as Frankfurt and Paris, for example - also suffer from a shortage of hotel space even when the conference centre is free.

Finding good convention space can also be difficult when demand is at its peak. The Milan Flair complex is a useful standby helped by being on the right side of town for Malpensa airport and with easy access to the orbital road, necessary because there is only one hotel on site.

Nice's convention centre, the Acropolis, opened in the early 1980s, is fairly big and can accommodate most sizes of meetings, even if its design leaves much to be desired. Availability of hotels is reasonable and as the Acropolis is in the town, transport is not a problem. Nice is also well supplied with flights out of the UK.

The European Federation of Conference Towns says that the most popular target countries for new conventions business are the UK, followed by the US. "Conferences are a

major factor in pan-European communications," asserts Mr Tuula Lindberg, the Finnish president of the federation.

Mr David Tonnison, managing director of the Marketing Organisation, conference organisers, believes that "the opening of Europe as a single market will fuel a boom in international meetings."

European conference centres, however, will only maximise their occupancy rates if, he argues, "they build the right mix of meeting rooms in the right place and provide sufficient local bedrooms."

A recent survey carried out by the Official Meeting and Facilities Guide for Europe, published by the Reed Group, found that the availability of hotel and other facilities, ease of transportation, and the distances delegates have to travel were the three most important factors in selecting a meeting destination.

The survey, based on 150 corporate meeting planners in Europe, suggested that nine out of every 10 rated food

quality, prices and meeting rooms as most important when selecting a conference hotel.

The Guide's US version, in a survey of American convention planners, found that the chief worry among Americans when planning a European meeting was overpricing by the convention centre and hotel, along with the availability of sufficient rooms.

Among the minor factors taken into consideration by the US meeting planners, the most significant when choosing a European conference destination was said to be fears about the quality of the drinking water.

Figures from the Marketing Organisation suggest that UK meeting planners have become less willing to use continental venues over the past year. Its UK activities rose from 35 per cent in 1990 to 44 per cent last year. At the same time, short-haul conference and incentive trips to continental Europe dropped from 42 to 37 per cent.

David Churchill

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CONFERENCES AND EXHIBITIONS 3

Some 350 northern venues are being marketed to European organisations

Bargain basement seeks business



Birmingham's International Convention Centre

THE WEST MIDLANDS

Trade fairs wooed

THE NATIONAL Exhibition Centre, the largest purpose-built facility in the UK for trade fairs and exhibitions, has started work on a programme of expansion. The International Convention Centre, with its symphony hall, is building up a momentum of activity after its opening last year. The National Arena, also opened last year, is finding its role in the marketplace of sporting and mass musical events.

for the construction of four exhibition halls as part of a £100m investment programme. The effect will be to add 30,000 square metres of display space by mid-1993 and bring the NEC's total capacity to 155,000 sq metres.

The expansion will consolidate the NEC's position as the UK market leader for trade fairs and exhibitions and will keep it in the top 10 of European venues. The extra halls will provide the scope to

The expansion will keep the NEC in the top 10 of European venues. The extra halls will provide the scope to attract some of the bigger trade fairs from the larger European centres

These three venues with complementary facilities are the focus of Birmingham's bid to establish itself as an international centre of business tourism and, in the process, to achieve a better balance in the regional economy of the West Midlands. Traditionally, the centre of the British engineering industry, the West Midlands has been vulnerable to the sometimes violent swings of the national economy. The development of a services sector is seen as the way to reduce that vulnerability.

Although run as a private sector company at one remove from the local authority, the NEC, the ICC and the NIA are the children of the public sector and the ultimate owner of the NEC and the ICC is Birmingham City Council. Indeed, the council guarantees the loan stock issue which is financing the expansion of the NEC. Last November the NEC signed a £44m design-and-build contract with Laing Midlands

attract some of the bigger trade fairs which hitherto have perambulated around the larger European centres. The first exhibition to use the new halls will be the International Printing Equipment Exhibition.

The NEC has consistently made profits since the early 1980s. Its record year was 1989-90 when, after meeting all its financial charges, it contributed £8.65m to the general fund of Birmingham City Council. That figure nearly halved in 1990-91 when repayments of principal debt fell due. In the current year, latest figures submitted to the council show, the net surplus should be slightly higher than 1990-91 at £3.99m.

Despite the recession, income has held up over the last two years at between £53m and £54.34m. But the level of bookings taken for 1992-3 suggests income of £68.7m and a net surplus of £12.23m.

As, for management purposes, the NEC, ICC and NIA

NORTHERN ENGLAND may once have been an untapped gap in the European conferences market but, with the backing of the European Commission's regional development fund, that seems set to change.

The Commission is paying the first year's rent for the Northern Conference Bureau, which has been set up in Manchester, Cheshire. It markets 350 venues in northern England - principally city and country house hotels and university accommodation - to industries, companies and trade associations in Germany, northern France, the Netherlands, Belgium and Denmark.

It is run by Mr Bernard Owen, Manchester's former conferences organiser, with Mr Claude Guillot, a former conference manager for Philips in Eindhoven, as his partner in Brussels.

Mr Owen says Manchester Airport, the under-exploited north and its ability to undercut London and the south-east by 25 per cent on costs are proving decisive selling points. "London and Scotland are well organised but many people in Europe are fed up with the prices and congestion they face if they organise a conference in the south-east," he adds.

The bureau offers a one-stop shop and is now recruiting the north's top 50 conference hotels to its database of packages.

In Europe, most people have heard of the Lake District and York and want to see them. Mr Owen and Mr Guillot are spreading the word that the Derbyshire Peaks, Liverpool, other parts of Yorkshire, Manchester, Newcastle, Cheshire, Northumberland, Durham and even North Wales also have much to offer.

The ease of getting about on relatively ungestored motorways and trunk roads is another benefit. "The north in general offers so many attractions within a very short distance of its major cities and towns, as well as good shopping in the big cities and historic towns like Chester and York," Mr Owen says. The new Sheffield Meadowhall development - Europe's biggest out-of-town shopping centre - is also an attraction, as is the Metrolink, Britain's first, on Tyne.

"The crux of our market is the meeting of between 50 and 80 people," he adds. "These account for 75 per cent of all conferences and they fit easily into very many city centre or country house hotels."

Other countries being sold to are conferences about fast-moving consumer goods, insurance, banking, medicine, and pharmaceuticals.

"Northern England is the bargain basement of Europe," Mr Owen enthuses. "In the rest of Europe, conference prices are about the same as in south-east England. With direct flights into Manchester, Leeds, Bradford or Newcastle, we offer big savings, with the chance to see the British way of life at its best in places that are still relatively unknown in Europe."

Offering the north in this way as a niche market is not, of course, new in the conferences and exhibitions sector. Both main northern exhibition centres, at Harrogate and Manchester, have been doing so for some years.

Neither is dauntingly oversized and each has a steady schedule of year-to-year regulars. Harrogate, in particular, has a good base of exhibitors which are tied to conferences, ensuring overnight stays in the town and trips by delegates and their spouses to the Yorkshire Dales, Moors or York.

The six-year-old G-Mex Centre in Manchester is reporting another successful year, despite the recession, because

of its flexibility. The Greater Manchester Exhibition Centre is a £22m conversion of the disused Central Station and its arched, single span roof has created 10,000 square metres of floor-space with no pillars in the way. Temporary structures outside can provide another 6,500 sq metres if needed.

G-Mex can thus function as a large arena for boxing matches, six-a-side soccer tournaments and rock concerts, all of which have all proved crowd pullers, with a spin-off promotion of G-Mex itself as a result of their being televised.

As exhibitions have contracted or, occasionally, been cancelled in the recession, Mr Frank Winter, G-Mex's chief executive, has upped the numbers of concerts or sporting events. The result has been 210 days' full usage in the last year.

This is far below its 288-day record of the previous year, but Mr Winter says that was a freak result caused by exceptional demand. In any event, it equated to a usage rate of 93 per cent - well beyond the 85 per cent optimum level any exhibition centre prefers to have for ease of maintenance.

Harrogate's International Centre was built nine years ago for £32m and caught an

expanding market well. G-Mex has not appeared to dent a trend of long-term growth because the two places operate in complementary niches, in effect benefiting the northern economy as a whole.

With three 2,000 sq metre indoor areas and another 4,000 sq metres available in the basement, Harrogate also offers flexibility. Two months ago the local authority, which owns the facilities, decided to spend up to £3.5m to refurbish the exhibition halls after a marketing study revealed long-term growth potential.

Harrogate has recently suffered a blow from losing its twice-yearly fashion fair because of a rival event at Birmingham's NEC, but exhibition hall usage has remained at the 80 per cent level of the last decade. The conference centre managed 70 per cent, which Mr Paul Lewis, director of resort services says is "excellent".

"Numbers attending most events have been only about 5 per cent down because of the recession, but some shows have been well up on expectations," he says. He forecasts an operating profit of £250,000 for 1992.

Ian Hamilton Fazey
Northern Correspondent

From Scotland, James Buxton reports on mixed fortunes in the industry

'Marketing is tough' in Glasgow

IT WAS obvious that something big was happening at the Aberdeen Exhibition and Conference Centre because one encountered the nose-to-tail traffic several miles before reaching the exhibition complex at Bridge of Don. Inside, the hot late August day made the atmosphere almost suffocating.

Last year the biennial Off-shore Europe exhibition at Aberdeen, devoted to the offshore oil and gas industry, was more popular than ever, with an extra 200 exhibitors bringing the total to 1,500 in the 20,000 sq ft exhibition space. As usual for this exhibition, most of the stands were housed in temporary accommodation rather than in the permanent structure at the Bridge of Don centre.

Offshore Europe is the largest exhibition in Scotland and last year was in the happy position of serving an industry whose fortunes are running in the opposite direction to the rest of the UK economy. At the Scottish Exhibition and Conference Centre (SECC) in Glasgow, the mood is less ecstatic.

"It's tough for everyone at the moment," says Mr Victor Brindley, an executive at the SECC. "A number of exhibitions have withdrawn recently and marketing is tough."

With the recession having begun in Scotland about a year later than in the rest of the UK, the downturn has only recently hit the exhibition business. Mr John Todd, chief executive of Scottish Industrial & Trade Exhibitions (SITE), one of the largest exhibition organisers north of the border, says that the picture is mixed.

"I predicted difficulties for our Scottish engineering show in November but we're already halfway to selling it out. On the other hand, our Scottish

marketing exhibition has had to be postponed because there wasn't enough support. It's difficult to predict what is going to go well."

Success is especially necessary for the SECC because it has rarely been in the black since it opened in 1985. It cost £36m, of which £14m was provided by the Scottish Development Agency, some £34m by local authorities and £8m by the private sector.

Almost immediately after it opened, it was apparent that financial projections for the SECC had been too optimistic. After an initial financial reconstruction, the original public sector backers agreed in 1989 to inject £2.75m into the company, while debts were restructured and the councils approved an annual grant to cut one third from the SECC's very high rates bill.

In the year to September 30 1990, the SECC cut its loss to £258,000 from £2.2m. However

last year there was a further setback when a staging of the musical West Side Story topped the loss was more than £500,000 and the chief executive resigned.

Mr Brindley says that the rock concerts and other enter-

Edinburgh has failed to create its long-promised conference centre but the £30m project may go ahead

tainments staged at the SECC are "on the up and up." In 1990 both the Bolshoi Opera and Pavarotti performed successfully at the SECC. But when the National Audit Office - the government's watchdog on public spending - looked at the SECC in 1988 it doubted how far "entertainment and consumer events" made "a significant contribution to the

development of Scottish industry" which was the original justification for public sector investment in it.

Yet if the financial performance of the SECC has been disappointing, it has become an established part of the Scottish scene and many organisations have taken advantage of its flexible facilities. The Confederation of British Industry has twice held its annual conference there.

Edinburgh has so far failed to create its long-promised conference centre. Its need for a purpose-built centre to seat 1,200 people has been recognised for many years. By early 1990 it finally seemed ready to go ahead, as part of a large development project for the Lothian Road area of the city.

But then the developers of the associated project got into difficulties - because of the property crisis in England - and the project was delayed.

Last autumn, however, it appeared to be moving ahead again with Edinburgh district council and Lothian & Edinburgh Enterprise, the local enterprise company, committing themselves to starting advance engineering work on the £30m project.

The Scottish Tourist Board, meanwhile, has in recent years stepped up its marketing of Scotland as a conference destination. It has spawned the Scottish Convention Bureau and produces an elaborate and meticulous 80-page book, Scotland: Everything a Conference ever needed.

It contains details not only of purpose-built conference facilities in Scotland but of many hotels, both in the cities and the rural areas, which are able to lay on conferences. There are also entries for a number of famous privately-owned stately homes which offer conference and corporate entertaining.

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CONFERENCES AND EXHIBITIONS 4

How will the £2bn complex, near Paris, function off-season?

Grey skies and Disney

WHEN THE £2bn Euro Disney project opens outside Paris in just seven weeks' time, most attention will be focused on the theme park's attraction as a leisure destination for children and adults wanting to experience Disney's unique brand of entertainment.

But the Euro Disney resort could also become one of the most significant European conference and incentive travel destinations in the 1990s.

Disney's management is only too aware that, while the theme park will be filled to bursting during the opening summer months, it will prove more difficult to attract visitors out of season.

The 1,900-hectare complex - about a fifth the size of Paris - contains six hotels and about 5,000 bedrooms to fill every night. Disney is emphasising the resort nature of the area, located some 32km east of Paris, but knows that when the weather is bad and children are in school across Europe, then it will need conference delegates to help fill those rooms.

Already there is considerable interest in using Euro Disney as a conference destination, says Mr Chris Jarvis, Euro Disney's UK manager for conferences and incentives. "Paris is already the most popular

short-haul destination for conferences and incentives out of the UK," he says. "But we're finding the level of inquiries and bookings well ahead of projections."

Not surprisingly, Disney does not want to name UK companies which have already booked conferences in the theme park but they are understood to include several large concerns.

Conferences will be accommodated in a purpose-built convention centre adjacent to the Hotel New York, one of the six themed hotels on the Disney property and which is likely to be used as the main conference hotel. Other hotels range from the "moderately priced" Hotel Santa Fe (with about 21 square metres of room space) through to the first-class Hotel New York (81 square metres sized rooms) and the de luxe Disneyland Hotel (34 square metres).

The convention centre will offer 3,000 square metres of multi-purpose meeting space, able to accommodate from 30 to 2,000 delegates, although the latter number might be a bit of a squeeze.

Facilities include all the expected ability to tailor-make the space for particular requirements, as well as 16 projection rooms which Disney

claims are the most advanced in Europe.

"Every city in the US has a hotel conference venue on this scale, but the situation is different in Europe," says Mr Jarvis. "We will be the only place in Europe offering this kind of facility."

What Disney also has to offer will undoubtedly become the biggest single tourist attraction in Europe over the next decade. The Euro Disney land theme park, similar to the Magic Kingdoms in Florida and California, will be joined in two years' time by a second park, based on the Disney-MGM Studios in Florida's Walt Disney World.

Disney is well aware, however, of potential criticism that a theme park resort is not the most conducive location to keeping conference delegates working. "The conference centre is located well away from the theme park, so there is no direct overlap with the park," insists Mr Jarvis. "We have considerable experience in helping to construct itineraries, which enables delegates to enjoy both a conference and the facilities that the resort has to offer."

After the park closes to the general public - which will be early evening at less popular times of the year - Disney is expected to allow large conferences (of more than 500 delegates) to make use of one of the themed lands within the park for a private party. "This must be the ultimate incentive - to have exclusive use of Adventureland or Fantasyland for a party," adds Mr Jarvis. Disney has yet to decide

whether or not it will allow alcoholic drinks in the theme park for these private parties (alcohol is banned at all other times), although it does permit drink when the park is opened for private parties at Disneyland in California.

Alcohol is freely available in all the hotels, so conference delegates are unlikely to stay dry for long. At night delegates will also be able to enjoy the nightlife at its Entertainment Centre (similar to the Pleasure Island complex at Walt Disney World), including discos, restaurants, and a live Wild West Show.

Conference and incentive trips to the new Euro Disney resort, however, are likely to be short - up to three nights on average - although some organisers might combine a trip with a night or two in Paris as well.

Disney's determination to woo the conference and incentive business to its newest park is a far cry from its approach to attracting such organisers. Disney's determination to woo the conference and incentive business to its newest park is a far cry from its approach to attracting such organisers.

But under the leadership of Mr Michael Eisner, Disney's chief executive since 1984, the company has taken a more realistic view of the attractions of high-spending conference business. It has recently acquired two new convention facilities at Disney World, adding more than 90,000 square feet of meeting space. In all, it



The Euro Disney resort: can Mickey Mouse woo delegates?

now has some 600,000 square feet of meeting space on site.

One of the new convention centres is 40,000 square feet of space at Disney's most prestigious hotels, the 900-room Grand Floridian. The other is a 51,000 square foot complex at the Contemporary Resort hotel.

But Disney is not just after the massive conventions market. It has launched a service called Priority One geared solely to booking meetings of less than 50 delegates. "We provide smaller groups with the same Disney amenities we offer larger groups," says Mr

George Aguel, vice president in charge of conferences and incentives.

To help organisers, it has also published a detailed guide to the resort's amenities, including on-site catering facilities and meeting space. Moreover, it can put together special themed parties for conferences. "With a cast of thousands available to us, any type of themed party is possible - from a country hoedown to a beach party," says Mr Aguel.

David Churchill

INCENTIVE TRAVEL

The mission to motivate

A DECADE after veteran cruise liner Canberra was on its way to the Falkland Islands carrying British troops, the ship will this year embark on a different mission: in June it will be carrying over 600 delegates on a three-day cruise as part of the Personal Investment Marketing conference and exhibition being held on board.

The event, organised by Emap Events, will bring together invited top-level delegates, with more than 70 personal finance companies willing to fund the cruise for the sake of having a captive audience who, presumably, will be in a more receptive frame of mind away from their desks.

Such captive cruises are increasingly part of the conference scene and emphasise that travel - be it by land, sea or air - is a crucial part of the reason why people attend conferences at all.

Many conferences, in fact, turn out to be thinly-disguised incentive trips used to motivate key staff or distribution teams. The annual overview is virtually all part of the remuneration package of performers in life assurance," points out Mr David Hackett, managing director of the Travel Organisation, which arranges conference travel.

This is how the US conference market has worked for years, largely as a result of the need to bring together scattered sales forces for regular motivational sessions. Although many executives are reticent to travelling on business, a properly organised incentive trip offers more opportunity to provide excitement and luxury than most business travel actually delivers.

The difficulty, however, for those in the travel industry is identifying when conference travel is really a disguised incentive and when it is a genuine business conference. Yet the distinction between the two is becoming so blurred as to be virtually meaningless for many delegates.

But whether it is a conference or an incentive trip, there is little doubt that the

companies paying for the travel are seeking a return for their investment.

The straightforward incentive travel trip has traditionally been used to motivate sales forces in industries such as insurance, motors and pharmaceuticals. Companies in these sectors all depend a great deal on their sales forces - or dealers - to sell the products. Simply offering traditional rewards such as a better car or more money only works up to a certain level, these companies believe. Incentive travel may be more cost-effective.

Research in the US has also shown that individuals who earn the right to be on a trip one year often work even harder in the following year to ensure that they retain the perk, lest the executive lose status in the eyes of his or her peers.

Yet the problem with such performance-related incentives is that they only motivate the high-flyer: those without a realistic chance of achieving the travel award may be demotivated. Incentive travel may be more cost-effective. Research in the US has also shown that individuals who earn the right to be on a trip one year often work even harder in the following year to ensure that they retain the perk, lest the executive lose status in the eyes of his or her peers.

Another device is to offer special deals, such as the Air Miles/Lesitides system operated by British Airways. Travelable companies to award so many miles of free air travel according to the particular incentive scheme.

However, the harsher economic climate has made some companies wary about their key executives being away from home for too long. Experience has shown that companies prefer first-class flights to 14 hours for short-haul flights and up to 10 hours for long-haul. Companies also prefer not to change aircraft and often to remain at one centre with a strong local

interest and image.

France, not surprisingly, remains the most popular short-haul conference and incentive destination, followed by Spain and Germany, according to a survey of over 1,000 companies and conference organisers carried out by the publishers of the Conference Green and Blue Books which list conference venues.

North America came next, ahead of Ireland and Italy which are both seen as difficult conference and incentive destinations for major companies because of the security implications. Cruise liners, on the other hand, offer not only high security but also other benefits. Actual expenditure, for example, can be forecast very accurately in advance since the bulk of spending - fares, accommodation and food - are known. Discretionary spending aboard conference cruises is usually left to the individual.

The current economic climate is, not surprisingly, making companies more wary of their use of travel incentives. Mr Hackett points out that "spending has moved away from incentives committed to achieving high volumes, and instead towards the need to motivate people simply to maintain market share."

He notes that in the motor industry, for example, "what might have been an overseas event has reverted back to the UK, and where dealers might have previously been entertained overnight, in many cases events have been reduced to daytime only activities."

Mr Hackett sees no sign of a significant uplift in conference and incentive travel spending in 1992. "For some companies this is merely a reflection of reduced marketing budgets, while for others such activity may be seen as inappropriate while their business suffers and some staff are being made redundant."

David Churchill

US CONVENTIONS BUSINESS

Less lavish but going strong

RECESSION is continuing to affect the US conference and exhibition industries of the 1990s. Smaller and more cost-effective events are replacing the lavish affairs of the extravagant 1980s.

The recession has been particularly hard on the US conventions business. A study by Meetings and Conferences magazine showed a 19 per cent decline in the number of conventions in the US to 10,300 in 1991 from 12,500 in 1988. In the same period, the industry's total revenue fell to \$66,000 from \$87,000, while the total number of meetings dipped to 1,026 from 1,076.

The move towards smaller events was highlighted by the growth of association meetings - one of the few bright spots of 1991. The number of association meetings, other than annual conventions, rose 15 per cent to 215,000 in 1991 from 187,000 in 1988.

"People do not have the time and money to go away to large conventions where the subject might not be particularly focused and the main benefit would be networking," says Mr David Ghitelman, managing editor of Meetings and Conventions magazine. "But there is demand for meetings closer to home that are focused on more specific subjects, such as updates in tax law."

The recession's impact on US tourism continues to be good news for meeting planners. Conventions are an increasingly important revenue source for hoteliers trying to cope with growing vacancy rates. In resort hotels, for example, conventions contributed about 45 per cent of the

industry's \$66m revenues in 1990. "It is very much a buyer's market," says Mr Ghitelman. "One company we track, the Gulf War, which severely cut into international travel, was the growth of the video conferencing market. "We had almost written off this industry in the 1980s because, year after year, it never took off. At about the time of the Gulf war it started to grow and it hasn't fallen off since then," he adds.

Revenues at Pictoretel, which markets portable video systems for use in one's own room, grew from \$17m in 1989 to \$27m in 1990, and 1991 revenues are estimated at more than \$70m.

Another indication of the video conferencing market's growth is the growth in use of telephone meeting lines. Domestic bookings over US Sprint's meeting channel jumped 30 per cent between January and March of 1991, and international bookings surged 50 per cent. Although the increase was directly linked to the Gulf war, "from what I've heard, it may have levelled off but it hasn't decreased since then," says Mr Ghitelman.

Companies have discovered that video conferencing is effective and cheaper than flying people around the world. Mr Ghitelman expects video conferencing to continue to grow. In areas such as preliminary contract negotiations.

Indeed, with new technology allowing people to work on the same document around the world, certain types of meetings may not be necessary at all in the future. Another growing trend is the use of meetings and conventions as a launching point for family holidays. "We noticed that a lot more people brought their spouses to meetings. With the recession and the growth of the two-income family, it is becoming more important to combine business with pleasure."

Partly as a result, convention centres in the US sunbelt and the southwest are getting a larger share of the business according to Mr David Petersen, director of sports and convention facility advisory services at Price Waterhouse at Tampa, Florida. If you live in the north of the country and want to get away for a week, you might be more inclined to go to a convention in Orlando, Florida than Missoula, Montana.

Mr Petersen expects the dominant convention centres

in the next decade to be Las Vegas, New Orleans, Atlanta, Dallas, Orlando and Anaheim (near Disneyland in California).

The large northern business centres such as New York and Chicago have also held up well. "Larger centres are continuing to enjoy good attendance and high occupancy, and they can also draw from the resident market."

Overall convention attendance, however, is down as a result of the recession and the amount of exhibit space rented has also fallen off, particularly in small and medium-size centres.

With convention centres, as well as hotels, the recession has created a buyer's market. "Many facilities are trying to distinguish themselves by offering quality food and beverages, for example. And meeting planners and trade show producers are increasingly looking for features that might attract participants," says Mr Petersen.

In spite of the current pressures on business, the convention industry is still counting on future growth. Price Waterhouse's annual convention centre report found that centres in the largest markets such as Los Angeles, Atlanta, San Francisco, St Louis and Anaheim were expanding.

Smaller markets doing well include Minneapolis, Seattle and Indianapolis. Among new centres under construction or recently opened are San Jose, Charlotte, Austin and Portland.

Karen Zagor New York

HOTEL INDUSTRY

A better deal for delegates

HOTELS ARE the linchpin of the international conference and exhibition industry. Not only do they provide delegates with accommodation but they are also the biggest supplier of space for small meetings and other convention facilities.

Thus, it is surprising that hotels have been so poor in the past in meeting the needs of this important market. Anecdotal horror stories abound about poor standards in hotels, both for rooms and conference space, and even some newly refurbished or designed hotels still manage to get it wrong.

A survey by consultants Coopers & Lybrand Deloitte found, for example, that hotels accounted for some 36 per cent of revenue and 31 per cent of profits for all conference venues. Half of all delegate days, moreover, were spent in large hotel chains.

But times are changing. Several leading hotel chains, conscious of criticisms in the past, have revamped their approach to conferences.

Forté Hotels, Britain's biggest hotel chain, recently decided to give its conference a new look with the launch of its Venue Guarantee scheme. "Our research showed us that companies wanted to end the uncertainty they felt when booking hotel conferences and to have confidence that they would get what they asked for," says Mr Geoff Thomas, Forté Hotels' marketing communications controller.

Under the scheme, which applies to Forté hotels worldwide, each conference has a specified Venue Guarantee manager whose job it is to see that the event goes smoothly. Forté also promises to send a Day Planner, ensuring that nothing is missed out to conference organisers within 48 hours of a booking being made. The Day Planner indicates all the charges and the agreed basis of billing.

The new scheme includes a Customer Satisfaction report placed within the meeting room, so that if services are not delivered then they can immediately be deleted from the account under Forté's "no quibble" bill policy.

Forté is not alone in developing a scheme to give conference organisers more confidence when booking a hotel meeting. Hilton International, part of the Ladbroke Group, is launching its Meeting 2000 conference system - previously confined to the UK - at 27 of its other hotels worldwide.

Hilton's research of conference users found that the top requirement for successful meetings was the provision of professional, specially trained staff who were readily available. Like Forté, Hilton provides a dedicated Meeting Service manager for each meeting.

Among the other elements of Hilton's conference facilities are a business and meeting service centre, located close to the main function area, providing communications services, such as typing, fax, photocopying and couriers.

"Our initiative is aimed at meetings of up to 50 people which, according to our research, account for some 70 per cent of the global conference market and represent its fastest-growing sector," says Mr Geoffrey Breeze, Hilton's vice president for corporate marketing.

Former Hilton chief executive Mr John Jarvis, who two years ago set up his own hotel chain, Jarvis Hotels, with the £186m acquisition of Embassy Hotels from Allied-Lyons, has launched a similar scheme.

Called Summit Conferences, it guarantees a totally successful conference or a refund of the cost of the meeting. "If equipment does not work during the conference or messages are not delivered, then the organiser is refunded," says Mr Jarvis. "In addition, a complete four-course lunch can be served within 15 minutes if required."

Inter-Continental's response to the increased competition from other chains has been its European Meetings Portfolio, which also includes a specified meetings manager. Its published conference rates will be kept for the rest of this year.

"It is one-stop shopping for a conference which takes all the hassle away from meetings organisers," says Mr Bob Davis, Inter-Continental's European vice-president for marketing.

To make things even easier for organisers, the IIT Sheraton hotel chain has put its Guide for Meeting Planning in diskette form on IBM compatible format. It includes information on checklists and guidelines and automatically processes the user's data.

"This is a 'user-friendly' working tool which demystifies the planning process of successful meetings," says Mr Mike Prager, IIT Sheraton's advertising director. "Not only does it save time and energy on the part of the conference organiser, but it also ensures that nothing is overlooked."

Hotels are increasingly waking up to the technological needs of conference delegates. The new all-suite Conrad Hotel at Chelsea Harbour in London has the state-of-the-art high-tech equipment which modern conference users demand. Its meeting rooms can be linked up by video if necessary.

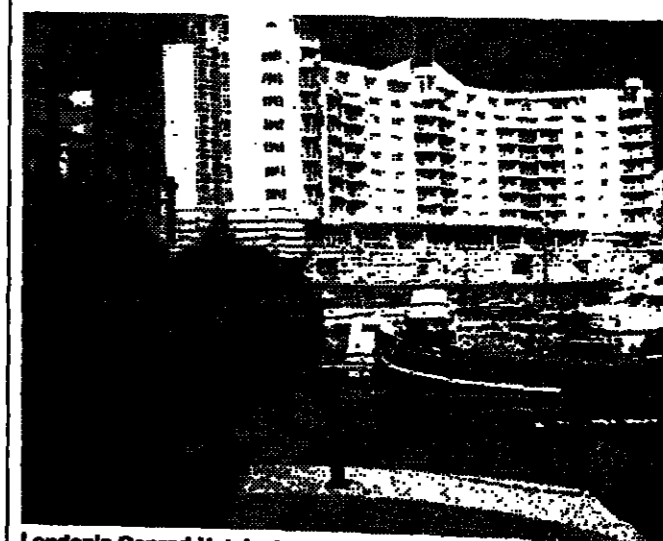
The major hotel chains, however, have not had it all their own way in wooing the conference organiser. Many small country house hotels have carved a niche for themselves in offering small meetings in more pleasant surroundings than city centres. The Lygon Arms in Broadway, Worcestershire, part of the Savoy Group, last year opened a new £1.4m swimming pool and fitness centre, to meet the needs of conference groups which increasingly demand such facilities.

Mr Kirk Ritchie, the Lygon's managing director, says that such investments are essential. "It has helped us retain and attract small meetings and conferences over the past difficult year," he says.

Lucknam Park in Wiltshire, which has extensive leisure facilities, also believes that "memorable food" helps attract top-level meetings: its chef has just won a Michelin star.

Other small country house hotels also make clear their willingness - perhaps not always so obvious in the past - to meet the needs of organisers. Bishopstrow House in Wiltshire, for example, is closing its tennis courts for three weeks while they are being used as a mock garage for a motor dealers' conference.

David Churchill



London's Conrad Hotel: state-of-the-art high tech

FINANCIAL TIMES

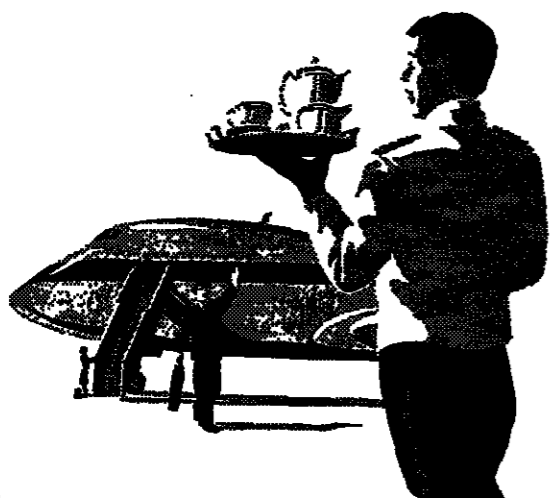
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ARTS

Double Take

William Packer finds that the 'meaning' of the Hayward Gallery's new exhibition is buried in the small print

With exhibitions, as with so many things, it is always as well to read the small print. *Double Take* is the name of the South Bank Centre's major spring exhibition at the Hayward Gallery, London, (until April 20). *Collective Memory & Current Art* runs the sub-title. "Collective Memory is a phrase," so its three curators tell us in their joint introduction to the catalogue, "that can mean all or nothing to different people."

Yes, well, humm. The tension between our public and private selves has become acute. The artists... share an equal distrust of the purely personal and the securely social. They suggest how the infinite raw material that contributes to forming our experience of the world... remains inert until brought into play in the present. The *double-take*... implies neither a style nor content but rather an approach... entailing recognition and reinvestment of significance where it might otherwise be overlooked or taken for granted.

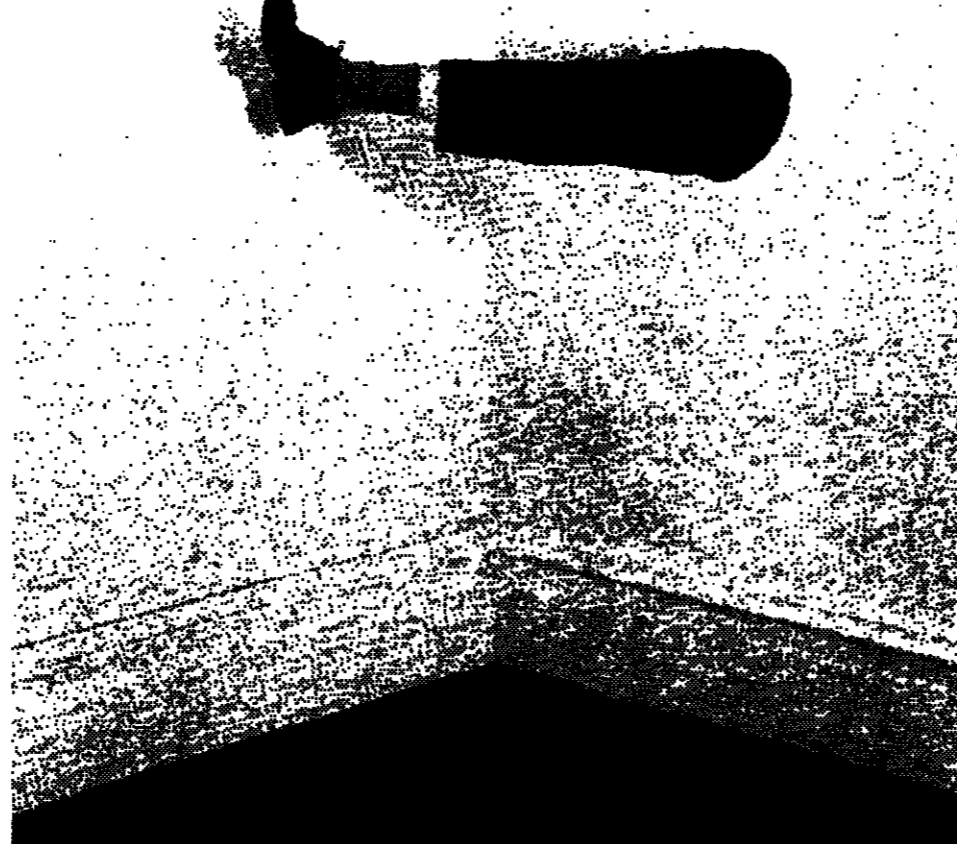
What this turns out to mean is: "Here is a job lot of *soi-disant* artists from here and there, all doing their own fashionable thing, and though we cannot make head or tail of any of it, perhaps you can?" It is in fact a useful, if depressing statement, by inversion and omission, of what, to the orthodoxes of current curatorial interest and practice, Art is, or might be. Is there any mention of the unique force and presence of the fashioned object or contrived scene, that is the work of art? No. What of the quality of what is done, in the way it is made? Nothing. And what of the personal experience of the world, that is all we have, but which the artist strives to render general? Not a thing, for that, as we have just read, is now distrusted and disavowed.

Nothing is to be made any more, and nothing truly felt. And instead? "New art has a history of getting on people's nerves," runs the guide. "The artists challenge us by pushing our understanding of the world around us beyond familiar limits. They manipulate the images, codes and conventions of the world itself in order to touch our emotions and intellect, expressing our fears and desires in new ways that can be amusing, provocative, evocative, disorienting, spellbinding and beautiful. If art does not have such an effect somewhere along the line, what does it do?"

It is a good last question in spite of itself, though there is little comfort to be had of the answer before it. The favoured artist is no more than an entertainer, striking attitudes, making jokes, playing tricks. The concept is the thing to which all is response, with the material given and the performance conventional.

It is the art of the dandy and the mountebank, ironical, detached, uninvolved, above all, safe. For there is no danger of personal exposure, other than in the most literal sense in which Jeff Koons chooses to perform with his wife, an export film actress - a hard act to follow, but an act for all. There is no emotional risk, no vulnerability, no engagement. Do we see the artist but there is no point. There is no point then we have missed the point. Heads they win, tails we lose. *Double Take* indeed.

It has to be said that the exhibition has been beautifully laid out and installed within an art structure devised by the Italian architect, Aldo Rossi. And the three curators, Lynn Cook, now of New York, Bice Curiger from Switzerland, and Greg Hilly from the Hayward itself, have made a most salutary international choice. As with the recession, our problems are clearly not



The concept's the thing: Robert Gober's "Untitled" cast leg bursts through the wall of the Hayward Gallery in London. "New art," says the exhibition guide, "has a history of getting on people's nerves"

reserved to us alone. And so, what are these brave new things, and who the artists, all 23 of them, who make us look afresh, and look again?

There is Philip Taaffe (US/Italy) who works in paint and collage decorative motifs from Islamic tiles, for example, or full-scale images of modern art, notably the works of Bridget Riley. Glenn Ligon (US) shows a suite of paintings, each worked with luminous inky pigments and carrying ponderously stencilled and mutually contradictory interpretations of dreams.

Andreas Gursky (Germany) takes immaculate colour photographs of general working interiors or impersonal landscapes - an electronics production line, a stock exchange, a

motorway junction. Katharina Fritsch (Germany) offers a group of industrially manufactured golden frames, large and plain, with surfaces no less plain within, red, blue, yellow, green.

Narelle Jubelin (Australia) works tiny landscapes, long and thin, in petit-point and puts them into old frames. Simon Patterson (UK) has revised the familiar map, or journey planner as we must now learn to call it, of the London Underground, each line now a category of heroes: footballers, artists, philosophers.

Tim Robbins & KOS (US) stick comic-book pages on to large canvases, carefully, one by one. Robert Gober's (US) cast legs burst through the wall, and Rachel Whiteread (UK) continues with her casts

of domestic objects, mattresses, morgue slabs and the like, lean and folded against the wall. (Her) use of rubber to cast objects... allows her a greater flexibility than her earlier use of plaster," says the guide. I should imagine it would.

And outside in the great world itself, Stephan Balkenhol (Germany) has a man on a raft floating on the Thames, and a huge wooden head on London's Blackfriars Bridge. Jenny Holzer (US) animates the Festival Hall with her electronic slogans. Boyd Webb (NZ/UK) has a poster on a hoarding at Waterloo that sums up the whole enterprise with an unforeseen acuity, an elegiac image of a half-deflated geographer's globe floating gently away. O brave new world, that has such people in it.

A double enigma

The progress of the period instrument ensembles of the baroque, starting from Bach and Handel, moving inexorably forwards to Mozart, until they felt confident enough even to make the occasional foray into Schumann, Mendelssohn and Brahms, was among the most important features of musical life in the 1800s. But their advance may be about to be halted.

On Friday a new period romantic orchestra took the stage for the first time, setting its standard flying over the music of the turn of the century, where it intends to stake out its ground. Taking the name of the New Queen's Hall Orchestra after Henry Wood's orchestra founded in 1885, it uses gut strings and narrower brass instruments, while period style generally, and one would not normally have expected from them the infelicities of ensemble and tuning that marred these performances.

Perhaps orchestra, especially new "old" ones, are just not born in a day. The New Queen's Hall Orchestra has shown it more than a gimmick and one at least looks forward to its next appearance with genuine interest.

The following night another enigma was set to be challenged at an all-Elgar programme at the Royal Festival Hall. There has long been speculation about the so-called "hidden" theme that Elgar claimed lies behind the *Enigma Variations* and one recent claimant to be the answer was tried out in public

justifying the enterprise. But that surely does not mean that the playing also has to be as uniformly sluggish and cumbersome as it was here.

Of the four pieces, under the direction of James Judd, Vaughan Williams's *Pastorale* on a theme of Thomas Tallis was easily worked the best, thanks to the combination of the orchestra's tone colours and the spacious acoustic of St John's. Neither Dvořák's nor Elgar's Serenades for strings had much vitality, while Tchaikovsky's limped along with barely any passion at all. Was it the conductor, the players, the instruments, or a lack of rehearsal time?

Difficult to say, although the names of the musicians printed in the programme suggest that this is an ensemble with some very experienced members, and one would not normally have expected from them the infelicities of ensemble and tuning that marred these performances. Perhaps orchestra, especially new "old" ones, are just not born in a day.

The time the performances, by the Royal Philharmonic Orchestra under Charles Mackerras, were according to late 20th-century standards, both as to style and execution. Good playing generally, with the willfulness of sound and ensemble that a top orchestra today can easily muster. It would certainly be a shame if the qualities that make Mackerras's Elgar so enjoyable are lost in the clarity and vitality, clearly and to become a thing of the past. Elgar's own recordings suggest there is no reason why they should.

before a performance of the work on Saturday.

This solution, proposed by Joseph Cooper and seconded by Dr Jerrold Northrop Moore, the Elgar scholar, suggests that Elgar's main theme is in fact a re-working of part of the slow movement of Mozart's "Prague" Symphony. The theme bears some of the same notes and similarities in rhythm, while Elgar's love for the music of Mozart and his use of it in his early days as an exemplar towards composing large-scale musical structures are duly noted.

Whether this is enough, however, to add up to Elgar's description of the hidden theme as "another and larger theme" going through and over the whole set of variations seems highly questionable. As with the premises of the New Queen's Hall Orchestra concert, what we were being offered here was merely one possible answer to the enigma, for which in this case there is no documentary explanation.

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Richard Fairman

City of London Sinfonia 20 Plus

QUEEN ELIZABETH HALL

Essentially, since this seems to be their 21st season, Richard Hickox and his City of London Sinfonia are still celebrating their "20th Anniversary Season". They still have the T-shirts on sale, which may explain it. The "Plus", this past weekend, was for a lot of enthusiastically planned "collective composition" and "workshops" during the days, with schoolchildren involved besides three half-dress concert later, mostly of recent British music - with substantial Arts Council support. The whole event may have been a great tonic for everybody concerned; I heard only the final concert, and found it slightly dispiriting.

Not because of the Sinfonia's playing; that was generally expert and full of verve. Two pieces showed off the Sinfonia strings by themselves. The American John Adams' *Shaker Loops* is 13 years old, lightly poised between minimalism and post-minimalism. The fiddle patterns of Shaker music sizzle away for 25 minutes like a bright, unambitious exercise, or very superior Mozart. Though the programme-note made much of the "loops" - overlapping melodic cycles of different lengths - it discussed only the original version for string sextet, with the much larger band Hickox used here, the asymmetries barely registered.

Barry Guy's new *After the Rain*, inspired by a well-known Max Ernst painting ("Europe after the Rain"), alternated between busy atonal "refrains" and more sedate stuff - banal 19th-century chorale (with heartfelt delivery), a fair imitation of Britten's super-diatonic string-writing in a "Chanson", some raw

melodramatic effects: it comes to nothing much. Nigel Osborne's *Flute Concerto*, a year-and-a-half younger than the slick Adams piece, made a familiar Osbornian impression: musical ideas of tantalising potential, developed too laconically and obliquely to make any decisive effect. Duke Doherty sounded like a committed soloist, and at least looked like the one when the instrumental balance left him all but inaudible.

Peter Wiegold's new *Sinfonia Concertante* was specifically a fruit of this weekend, with seven of its eight movements designed for filling-out by solo players whose parts were partly sketched in "workshops" earlier, partly improvised on the spot. A progress from *Waybreak* ("primitive, unformed") to Night 2 "healing power of the dark" was fixed by Wiegold's prior scenario.

The CLS soloists played up bravely, with much imagination; the pre-set orchestral shell failed, however, to ensure any telling overall shape. Most of the "day" ambled jauntily along like the donkey-movement in Goffé's "Grand Canyon" Suite - remember that? Wiegold does and the outer sections achieved no more than film-music *Affekt*, even looser than the *Klisch* postcard-sequences of Strauss's "Alpine Symphony". Surely we ought to applaud Wiegold's aim of re-enlivening individual flights of fancy into live "classical" music, but there must be tougher-minded ways of building them into a continuous half-hour structure.

David Murray

More money for the arts

The London Arts Board yesterday announced good news for more than 140, mainly small, arts organisations in the capital, collectively they are going to receive grant increases of more than 20 per cent for 1993-93.

However, this is likely to be the last good news many of them get for some time - two other sources of funding, their local authorities and the London Boroughs Grants Scheme, seem set to cut subsidies. The LAB presented a profes-

sional front under its new management of Clive Priestley, chairman, and director Tim Mason. This time next year they could well be the funding agency for more and larger arts organisations, like the big four London based orchestras, the Royal Court Theatre, the Whitechapel Gallery, etc. doubling its budget to over £20m. So it is anxious to be reassuring in its policy.

Big gainers yesterday were the Almeida in Islington which received a 60 per cent uplift to

£388,000, and the Orange Tree in Richmond, which gets 45 per cent more at £135,226. In dance, Mason. This time next year they could well be the funding agency for more and larger arts organisations, like the big four London based orchestras, the Royal Court Theatre, the Whitechapel Gallery, etc. doubling its budget to over £20m. So it is anxious to be reassuring in its policy.

An unusual initiative was the award of substantially more money to Circus Space which is developing human physical skills to the good the absence of animals in contemporary circus.

Antony Thorncroft

Parsifal

HOUSTON

The most adventurous of the big US opera companies, Houston Grand Opera, is in a period of forced restraint. Recessionary hard times have been made harder by the financial shortfall (at least \$500,000 - \$285,700 - according to rumour) of last May's Mozart festival. One 1991-92 production has already been cancelled, the number of works to be performed next season is set to shrink from 12 to seven.

Plainly, this goes against company grain, and that of its general director David Gockley, a man who has gained the city its worldwide reputation as a place where artistic risk pays off handsomely. The way he prefers to do things can be evidenced from such past Houston spectacles as the 1988 British Opera Festival, which included the premiere of Tippet's *New Year*, and this month from a boldly out-of-the-ordinary repertory mixture.

Parsifal, staged by the celebrated modern-theatre director Robert Wilson (in a production first given at the Hamburg Staatsoper last year), has just completed its run in the company's big theatre; while *Desert of Roses*, a new Beauty and the Beast opera by the American avant-garde composer Robert Moran, alternates in the smaller with Grotty's 1771 version of the same fable, *Zemire et Azor*, in a pop updating. (I shall review these two "Beauties" in a second Houston report.)

The combination of Wagner and Wilson has caused an enormous

nationwide stir and, locally, a gratifying shortage of tickets. The cool, abstract-sculptural Wilson style, made internationally famous by (among other things) *Deathman's Glance*, *Eisenstein on the Beach*, and the *CIVIL WAR*s, has recently been confronted with "classic" opera - Gluck's *Alessio in Chicago*, *The Magic Flute* in Paris, *Lohengrin* in Zurich (on which Andrew Clark reported on this page).

But *Parsifal*, most complex and musically rarefied of all great operas, presented Wilson with his largest challenge so far. He has faced it in a manner at once raptly serious, elevated, and unfailingly elegant to behold. The wistful Kabuki of Noh, Balanchine (a confessed Wilson influence), the early Surrealists, and the American visual Minimalists meet in his production, for which Wilson himself designed the set and (with Jennifer Tipton) the lighting, and Frida Parmegiani the costumes.

Needless to say, simple representation of the *Parsifal* locations - forest clearing, castle hall, magic garden, flowery meadow - finds no part in it. Rather, the stage becomes a "Parsifal space", a bare canvas on which selected images are graven while light intensities of magically clean focus slowly grow and fade and shadows undertake a carefully choreographed set of motions complete with ritualised hand- and body-language.

Sometimes the *mise-en-scène* "fits" with the narrative events: a vast wing-shape sailing down across the back-screen after the swan's death; an illuminated white flying saucer with a hole, like a gigantic Polo mint, landing stage-centre during the Grail rites. Sometimes the connection proves elusive, and the images, never less than ravishing, stay locked within Wilson's inner *Parsifal* vision.

Because it is all so seamlessly made, so graceful in physical unfolding, the "what does it mean?" puzzle never becomes an irritant; but the decision to avoid entirely the big gestures of Wagner's drama proves more problematic. For Wilson those "kiltzy knights walking around with this cup" are "ridiculous, disturbing, all wrong"; the chorus is banished to the theatre's highest balcony, and there is no cup - and later no kiss, no anointing, no dove. The eschewing of all facial expression provided an odd counterpoint to the shakiness of Kunrudy, the agonies of Amfortas, the pained growth to wisdom of Parsifal. (Rather than translating snatches of the German text that might in some way contraindicate the staging, the Houston surtitled machine simply left them out.)

For all its visual wonders I found this *Parsifal* a frustrating experience. For many it has allowed a liberation of the drama from the banalities - and, indeed, the worrying aspects - of its libretto surface. For me it was, in the

end, a cop-out. The many meanings of *Parsifal* are not, I think, released by the banishment of those narrative aspects, religious and political, inconvenient to the late-20th-century *Zeitgeist*. Certainly, the vibrant emotional drama that is its richest and most enduring achievement was stunted in this sleekly chic slow-motion reading of the piece.

But a less enervated account of the score might well have redressed the balance. The conductor was Christoph Eschenbach, chief of the Houston Symphony, a recent HGO regular, and a passionate Wilson devotee; he certainly "went along with" the production, in a way that highlighted its shortage of red blood cells. It was strange to hear so well-played and sung a *Parsifal* so rhythmically slack-muscled, so lacking in strong contours - at once "beautiful" and debilitatingly bland.

The cast was distinguished: Dunja Veljkovic (Kundry), Monte Pederson (Amfortas), Hansa Peters (Gurnemanz), Richard Paul Fink (Klingsor), and John Keyes (the young American Heldentenor who recently sang Siegmund for Scottish Opera) in the title role. The impression of smooth musicality was admirably uniform. But from the singing - as, indeed, from the whole experience - a whole universe of Wagnerian musical vitality appeared to be absent.

Max Loppert

INTERNATIONAL ARTS GUIDE TODAY'S EVENTS

AMSTERDAM

Concertgebouw 20.15 Netherlands Wind Ensemble plays music by Bak and Janacek. Tomorrow, Thurs. Fri and Sat evening: Ken-ichiro Kobayashi conducts the Netherlands Philharmonic. Sat afternoon: Frans Bruggen conducts the Netherlands Radio Chamber Orchestra (6716 548).

Musiektheater 20.15 Dutch National Ballet in three Balanchine choreographies, also Thurs, Fri and Sun (6255 455/credit card bookings 6211 211)

BERLIN

Schauspielhaus 20.00 Daniel Barenboim conducts the Berlin Philharmonic Orchestra in Beethoven's Violin Concerto (soloist: Itzhak Perlman) and Liszt's Dante Symphony, also tomorrow. Thurs and Fri: Hiroshi Wakasugi conducts the Berlin Symphony Orchestra. Sat: Serezhnitsky conducts Josef T's Fifth Symphony (East Berlin 2090 2158) Philharmonie Kammermusiksal 20.00 Ensemble Orchestre plays music by Handel, Bernstein and Schoenberg (West Berlin 9173 364). Thurs: Bach's B minor Mass (8258

160). Fri: Dmitri Hvorostovsky song recital (West Berlin 2548 8232) Deutsche Oper 19.30 Peter Schaufuss production of *Giselle*. Tomorrow: Die Walküre (West Berlin 3410 249)

BOLOGNA

Teatro Comunale 20.30 Gianandrea Gavazzeni conducts Piero Zuffi's production of Roberto Devereux, also Thurs and Sun. Fri and Sat: Riccardo Chailly conducts Rossini's *Stabat Mater* (529999)

GENEVA

Grand Théâtre 20.00 John Nelson conducts Francesca Zambello's production of *Benvenuto Cellini* (212111). Sun in Victoria Hall: Armin Jordan conducts Bartok's *Duke Bluebeard's Castle* (2292511) Comédie 20.00 Botho Strauss' play *Le Temps et la Chambre*, directed by Patrice Chéreau. Also tomorrow and Thurs (205001)

GENOA

Teatro Carlo Felice 21.00 Alessandra Ferri dances Coppelia in Amadeo Amodio's *Asterllette* production. Repeated tomorrow at 15.30 (586329)

LONDON

Covent Garden 19.00 Bernard Haitink conducts Johannes Schaa's production of Don Giovanni, with Thomas Allen in the title role, also Thurs. Tomorrow: Kenneth MacMillan's *Manon* (071-240 1066) Coliseum 19.00 Alex Ingram conducts David Pountney's production of KönigsKinder, also

Fri, Thurs: Street Scene (071-836 561) Royal Festival Hall 19.30 Franz Welser-Möst conducts the LPO in symphonies by Haydn and Brahms, plus the closing scene from Strauss' *Capriccio*. Tomorrow: Charles Dutoit conducts the Philharmonia (071-828 8800)

Queen Elizabeth Hall 19.45 Ivan Fischer conducts the Orchestra of the Age of Enlightenment in Beethoven's two Romances and two symphonies by Haydn (071-828 8800) Barbican 19.45 Yan Pascal Tordella conducts the ECO in Ravel's *Mother Goose*, Mendelssohn's Violin Concerto (soloist Maxim Vengerov) and Beethoven's Sixth Symphony. Tomorrow: Boulez conducts Boulez (071-636 6891)

MADRID

Tonight at the Auditorio Nacional de Música, Leonid Kavakos plays violin music by Sarasate. Fri, Sat, Sun: Aldo Ceccato conducts the Spanish National Orchestra in symphonies by Schubert and Shostakovich, with Hanna Schwarz soloist in Mahler's *Kindertotenlieder* (337 0100)

MILAN

Teatro alla Scala 20.00 Lorin Maazel conducts Jonathan Miller's production of *Manon Lescaut*, with Maria Guleghini in the title role. Runs with alternating casts till March 21, with next performance on Fri. Sat: Riccardo Muti conducts Rossini's *Stabat Mater* (7200 3744)

MUNICH

Staatsoper 16.00 Marek Janowski

conducts a concert performance of *Götterdämmerung*, with Hildegard Behrens, Eva-Maria Bundschuh, Marjane Lipovsek, William Cochrane, Matti Salminen and Ekkehard Wlaschka. Tomorrow and Sat: Don Giovanni conducted by Yukio Mishima. Also Thurs, Fri and Sat (4001 1616) Théâtre des Champs-Élysées 20.30 Piano recital by Maria Joao Pires. Tomorrow: Il viaggio a Reims (4720 3637)

Herkulesaal der Residenz 20.00 Kremerata Musica plays chamber music by Messiaen and Schubert. Thurs: Liszt's oratorio *Christus* (546620)

Kammerspiele 20.00 Goethe's *Stella* directed by Thomas Langhoff. Thurs and Sat: Dieter Dorn's new production of *King Lear* (23721 328)

NEW YORK

Avary Fisher Hall 19.30 Kurt Masur conducts the New York Philharmonic Orchestra in Franck's *Les Éolides* and Symphony in D minor, and Brahms' Second Symphony. Thurs, Fri, Sat: Masur conducts Strauss and Beethoven (875 5030) Carnegie Hall 20.00 Second of two piano quartet programmes with Isaac Stern, Yo-Yo Ma, Emanuel Ax and Jaime Laredo (247 7800) Metropolitan Opera 20.00 Ralf Weikert conducts Il barbiere di

Siviglia, with Frederica von Stade and Thomas Hampson. Tomorrow: Tannhäuser (362 8000)

PARIS

Palais Garnier 19.30 James Bowman sings arias by Handel, Purcell and Vivaldi, with La Grande Ecurie et La Chambre du Roy conducted by Jean-Claude Malgoire (4017 3535) Opéra Bastille 20.00 Noh theatre production with Yukio Mishima. Also Thurs, Fri and Sat (4001 1616) Théâtre des Champs-Élysées 20.30 Piano recital by Maria Joao Pires. Tomorrow: Il viaggio a Reims (4720 3637)

ROME

Teatro dell'Opera 20.30 Daniel Oren conducts Franco Zeffirelli's production of *La bohème*. Also Thurs and Sat (488 3641)

ROTTERDAM

De Doelen 20.15 Arnold Oetman conducts the Rotterdam Philharmonic Orchestra in Schubert's *Rosamunde* overture and five songs (soloist Kristin Sigurdsson). Also Thurs, Fri and Sat (4001 1616) Kleines Haus 19.30 Isben's *Nora*. Thurs: Kleit's *Broken Jug*, new production. Sat and Sun: new ballet by Marco Santì, in a double-bill with Béjart's *Opéra* (221795)

WASHINGTON

Washington Opera Tonight at 20.00 in the Kennedy Center Opera House: Cal Stewart Kellogg conducts Cav and Pag, with

Ermanno Mauro as Turiddu and Canio, repeated on Fri and next Mon. Tomorrow and Sat: Heinz Fricke conducts Roman Treleick's production of *Der fliegende Holländer*, with James Johnson as the Dutchman and Linda McLod as Senta. The season ends on March 8 (416 7800) Kennedy Center Concert Hall Tonight at 19.00: Yuri Bashmet plays Schnittke's *Viola Concerto* with the National Symphony Orchestra conducted by Mstislav Rostropovich. Thurs, Fri afternoon, Sat and next Tues: Zlmon Barto is piano soloist in a programme conducted by Christoph Eschenbach. Fri evening: chamber music programme with Isaac Stern, Emanuel Ax, Yo-Yo Ma and Jaime Laredo (416 4600)

American Showcase Theater Beyond the Fringe: the British satirical revue created by Alan Bennett, Peter Cook, Dudley Moore and Jonathan Miller is revived by Neil Benchley, Megan Morgan, Richard Peltzman and Karen Hutcherson (703-548 9044) Church Street Theater Frankenstein, based on the book by Mary Shelley and adapted for the stage by Barbara Field, is a Washington Shakespeare Opera production directed by Richard Mancini. Runs till March 7 (1742 Church St, 703-739 9886)

Arena Stage The Father and The Son, two powerful, poignant plays by August Strindberg, running till April 5 (488 3300) Blues Alley Jazz Supperclub Tonight's guests are the Davey Garbrough Quartet. Tomorrow: 2 Basses with Debarolo Quartet, plus Kater Batts. Thurs, Fri, Sat and Sun: Diane Schuur, jazz/blues pianist and singer (337 2338)

European Cable and Satellite Business TV

(all times CET)

MONDAY TO FRIDAY

CNN 0800-2030, 2300-2330 World Business Today - a joint FT/CNN production with Grant Perry and Colin Chapman

Super Channel 0800-0900 (Mon) FT East Europe Report - weekly in-depth analysis from FTTV

0800-0900 (Tues) Spiegel TV - Int Report - the real world of documentary

2130-2200 (Tues) Media Europe - what's new in European media business

2130-2200 (Wed) FT Business Weekly - global business report with James Bellini

0800-0900 (Thurs) Media Europe

2130-2200 (Thurs) FT Eastern Europe Report

0800-0900 (Fri) FT Business Weekly

2130-2200 (Fri) Spiegel TV - Int Report

Sky News 0715-0720 (Mon), 2130-2200 (Thurs), 0800-0900 (Fri) FT Business Weekly

SATURDAY

CNN 0900-0930 World Business This Week - a joint FT/CNN production

1800-1930 World Business This Week

Super Channel 1900-2000 FT Eastern Europe Report

SUNDAY

CNN 1000-1100, 1800-1930 World Business This Week

Super Channel 1800-1930 FT Business Weekly

Sky News 1300-1400, 2030-2100 FT Business Weekly

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Engineers and a welding job

IN A COUNTRY preoccupied by recession, unemployment and trains which fail to run on time, the role and status of the UK's professional engineering institutions may seem too timeless a subject to merit scrutiny. Not surprisingly, therefore, the progress of a steering group charged with considering a new focal point for the profession scores low on the Richter scale of news.

But behind the group's work, launched in January and since welcomed by the government, lies a sad but undeniable paradox: UK professional engineers are highly regarded overseas for their skills, but at home they are Cinderellas in terms of pay and status. According to one recent survey, the UK comes fourth from bottom of the European league in net pay for both experienced and newly qualified engineers.

Professional engineers pin some of the blame for this on City short-termism that elevates accountants, rather than engineers, to the top jobs in manufacturing industry. In the turbulent 1980s, financial engineering often took precedence over the electrical, mechanical or civil variety in many large public companies.

But engineers must bear some of the blame themselves: as is implicitly recognised in the agreement of the Engineering Council (set up in 1981 by Sir Keith Joseph following the Finiston inquiry into the profession) to a proposal which will probably lead to its own abolition.

A personal initiative unveiled last November by Sir John Fairclough, the council's chairman, calls for it to be replaced by a new federal body to co-ordinate the engineers' 46 distinct institutions. These bodies in turn have approved the formation of a steering group to point the way ahead.

Promote the status

There are big issues at stake: how better to encourage young people into engineering, to stimulate the provision of relevant degree courses, to promote the status of the engineer within industry and society, and to set standards of professional conduct to raise the public's confidence in engineers and their work.

To tackle any of these issues effectively, engineers need a body capable of speaking coherently and with authority. The Engineering Council, created by government but lacking the statutory authority that Finiston wanted, has made limited progress on some of the big issues but remains an unsatisfactory half-way house.

Too specialised

An unco-ordinated viewpoint on educational priorities, for example, explains partly why Britain has struggled so long and hard to produce degree courses to nurture the more broadly educated engineers employers say they want. One reason why so few engineers reach the boardroom is that too many of them are too specialised. There is no room in senior management for engineers who cannot communicate well and think laterally.

The new scheme is a welcome first step towards solving the problem of institutional fragmentation. A federal structure that brings power to the centre only on key issues — education, training, codes of conduct and the environment — should be workable if the more specialist institutions and their members are given a say, but not the power to veto necessary change.

That said, it must be admitted that the proposed new structure falls well short of the more unified professional system elsewhere in Europe. By avoiding shot-gun weddings among the institutions, the reformers should not duck the case for a season of arranged marriages.

Even with determined institutional reform, it will be a long time before Britain's 290,000 registered engineers and technicians win the status they covet.

But reducing structural confusion is a worthwhile start, and ought at least to help engineers to get their message across. Who knows, if ERM membership does eventually deliver for Britain a more stable manufacturing sector, the country's newly articulate and well-organised engineers might indeed be in a better position to climb the corporate greasy pole. That would be a desirable outcome from every point of view.

Arts heritage

"NATIONAL heritage in danger" is a moving cry. But is it a convincing one?

True, Hans Holbein's Portrait of a Lady with a Pet Squirrel and a Starling is on the auction block and Canova's three luscious Jovelets are threatened by fate worse than death. Like the Badminston Cabinet, Constable's The Lock, Van Dyck's First Duke of Hamilton and many others, these works may leave British shores.

Yet what have these works simply been sold? The work might have been unknown to the public and be British in nothing but ownership, but it was there. Possession may be nine-tenths of the law, but must any work of art of foremost importance stay there forever? By the same logic, foreign masterpieces should not have been exported to the UK in the first place.

Works of art by British artists belong more obviously to the "national heritage", but should works by Turner or Constable not be seen and

enjoyed around the world? And do those who want works by national artists to stay in the UK accept that works of Italian, Spanish, Dutch or German masters should, for the very same reason, have stayed in their native lands?

Trade in works of art has allowed the British to accumulate stores of artistic wealth greatly in excess of the value of its own output. But the wealth that made that possible has now departed. That is not a reason for forcing owners of great treasures to supply national collections on the cheap. It is a good reason for accepting that the people of other nations are also entitled to acquire the cultural artefacts that are among the principal blessings of wealth.

Unless "national heritage" means mere possession, it is an empty phrase. Works of art are the heritage of mankind. What is more, if exported, they will not be "lost". They will, on the contrary, be gained by others no less deserving and usually far more endowed.

If the UK values these works as much as those who are pining to acquire them, it should pay the market price. If it does not, let them go to others who will appreciate them no less and seem to want them even more.

Terrorism law

THE CASE for Britain's Prevention of Terrorism Act, debated by the Commons yesterday, has always been difficult to make. It needs to be made with more conviction if the act is to remain.

Without question, the act seriously curtails civil liberties. It gives the police the power to carry out security checks on people entering or leaving the UK, to exclude suspected terrorists from the UK, Northern Ireland or Great Britain without charge, and to detain them for 48 hours without charge, with the possibility of another five days' detention with the authority of the Home Secretary. These are significant departures from the rules on the arrest and detention of ordinary criminal suspects.

Terrorism is not to be fought with kid gloves, but the suspension of fundamental human rights needs to be justified by measurable results. Yet the

number charged with a terrorist offence after detention under the act has fallen from 26 in 1981 to just four last year. The number detained under the act has also declined sharply in recent years, but the proportion of detainees neither excluded nor charged has remained at about 80 per cent.

The government repeatedly seeks to make political capital out of the Labour party's commitment to repeal the PTA. Yet when the act — first introduced by a Labour government — was made permanent in 1989, ministers stated that the necessity for it would be monitored regularly. The last thoroughgoing independent review was conducted in 1987. If the government wins the election, it will be time for a further such review. Without one, the suspicion can only grow that its continuance has more to do with party politics than with fighting terrorism.

Relations between Russia and Ukraine, the two largest Slav states, are worsening to the point of alarm.

At the weekend the Ukrainian foreign ministry sent a note to Marshal Yevgeny Shaposhnikov, commander of the Black Sea fleet, protesting that he had distorted the Ukrainian position on the fleet. Soon, it may call for his dismissal. An announcement that Ukraine has agreed with Iran to build a pipeline from Iran to Ukraine to supply the latter with oil is thought hazardous because it must run through Russian territory, and is vulnerable to being blocked. Where Russia claims to be the commonwealth of Independent States as a stabilising force to preserve a forum for joint decisions among the former members of the Soviet Union, Ukraine scorns it as a hollow sham, to be discarded as soon as possible.

The force of the national movement in Ukraine is the largest threat to the Commonwealth of Independent States as all Russian politicians recognise. Mr Yegor Gaidar, the Russian deputy prime minister, said recently that disintegration of the CIS threatened reform; but disintegration is precisely what Ukraine wants. The new leaders (many of whom were part of the old regime) are striving to build a modern nation state. There can be no doubt about the depth of the commitment of the new powers to this task, nor about the commitment and apparently deepening distaste for the Russians perceived increasingly as imperialists (ironically, as they begin the painful process of trying to cease to act like imperialists).

The Ukrainian flag flies everywhere: symbols are being designed, including notes for new currency — the hryvnia — printed in Canada. Meetings begin with the singing of a Ukrainian hymn. In west Ukraine, which is more nationally minded because of its more uniformly Ukrainian population and proximity to the central Europe, the Central (Moscow) TV is blocked. Passages from once-banned Ukrainian historians are read on the radio during the breakfast show. Early next month, Ukrainian jurists and scholars will meet with foreign advisers in Prague to finalise the Ukrainian constitution.

No Ukrainian politician sees the CIS as more than a temporary garment, to be discarded as soon as possible. Mr Leonid Kravchuk, the Ukrainian president and a man deeply disliked in Russia, told foreign journalists last week that he adhered to the agreement made in 1991 that underscored the full independence of its members. In a separate interview, Professor Mykola Mykhailchenko, his chief political adviser, was less guarded, saying that the next summit of the CIS on March 20 in Kiev might be the last; that the Ukrainian leadership had very little optimism about its future and that "the member states will soon all have their own armies because they all have their own territorial problems".

Ukraine wants its own armed forces for the most basic of all military reasons: to protect the integrity of the state. Any delay in the division of the CIS is regarded as intolerable, because it prolongs the

John Lloyd and Chrystia Freeland on Ukraine's increasing nationalism

A painful birth



existence on its territory of a foreign army — a concept that the Russian-dominated CIS military, accustomed to seeing the Union as their recruiting ground and defensive space, simply refuses to grasp.

The division of the Black Sea fleet, a leading cause of conflict between the two states, illustrates this. Mr Boris Yeltsin, the Russian president, has described the fleet as Russian; Marshal Shaposhnikov, tactfully correcting the president in an interview in Paris, described it as a CIS force.

Either way, the Ukrainians see it as a non-Ukrainian navy occupying Ukrainian ports in the Crimea. Mr Kravchuk said last week a division must be made, with his own preference being for one third of it to be assigned to Ukraine. The protest that Marshal Shaposhnikov had distorted the Ukrainian position was because he had accused Ukraine of wishing to take over the entire navy. In this struggle, Russian politicians have had no inhibition about playing the "Crimean card": demanding that the Ukrainian parliament review the status of Crimea, an area conquered by Russia, still dominated by Russians and arbitrarily switched from Russian to Ukrainian possession in 1954 by Mr Nikita Khrushchev, the former first secretary of the Ukrainian Communist Party.

whole. Mr Oleksander Savchenko, deputy chairman of the Ukrainian National Bank, said that Russia was sabotaging the Ukrainian economy through non delivery of goods, refusing to supply enough roubles (printed by the Russian Central Bank), and conducting reform without regard to Ukraine's interests.

The suspicion and dislike operates at every level — including that of the radical parliamentarians, who in the past had forged a comradeship with their counterparts in Russia. Now, says Ms Laryssa Skrylyk, a deputy from Kiev, "the democrats are no different: they have the same imperial thinking as the other Russians".

These judgments are unfair: but fairness is not now the point. National imperatives are influencing all the actors on the Ukrainian political stage, forcing them to label as "western propaganda" any move — Professor Yavlenko has done — the foreign press reports that cast doubt on the Ukrainian nationalist case. Perversely, it causes them to close round the figure of their president — perversely, because Mr Kravchuk was a lifelong and senior functionary of the party whom all (including he) now blame for Ukraine's oppression. Yet to this issue is again to be accused of "western propaganda".

Mr Kravchuk enjoys wide support which, alarmingly, led him to say last week that opposition to him was impossible because he and all political parties were for Ukrainian independence. What, then, he asked, was there to oppose? The reasons for his support were put by Mr Levko Lukyanenko, one of Ukraine's hounded political dissidents, who spent a total of 27 years in jails and camps for his nationalist activity before being released in 1989. For him, as for other Ukrainians, Mr Kravchuk's past has ceased to matter: it is his present policy that matters. Asked if he was bitter to see a former oppressor in power, he sensibly said "no". "I am glad Kravchuk has come to the nationalist point of view. If he can continue to work in this way and achieve independence, I will support him".

Mr Kravchuk's metamorphosis from chief ideological opponent of the nationalists — his assignment when they first formed their mass organisation, Rukh, in 1989 — into their leader was completed last week, when he opened formal negotiations with the nationalist opposition on the formation of a coalition cabinet. After months of promises, Mr Kravchuk seems to be on the verge of replacing his communist comrades, who currently dominate the inert cabinet, with his erstwhile opponents. Western observers hope that such a switch will bring long overdue market reforms to Ukraine's wilting economy.

This is the attempted birth of a nation: a birth that is painful to the heart of the former "motherland", Russia. Like any severance between states in such a relationship — Britain and Ireland, say, or Sweden and Finland — there is an over-rich diet on both sides of hypocrites, false charges, propaganda nonsense and downright lies. But what matters is the process; and at the end of that process comes separation.

OBSERVER

Macleods of that ilk

■ Who was really responsible for the mess at Western Isles council which invested £23m in BCCI and lost it?

The obvious culprit, as two external inquiries are agonisingly slow to produce, is the council's director of finance, who did not act on warnings about BCCI and was lax in the management of his department. He accepted responsibility, was dismissed by the special disciplinary committee in December and had his appeal against dismissal rejected by the council's appeals committee a few weeks ago.

But what about his superior, George Macleod, the chief executive? When the loss was revealed he said it was the first he knew of the council's investment in BCCI and hadn't realised the council had had such large reserves. Then, the day before the council meeting to discuss the disaster, he announced that he was resuming his interrupted holiday. He was eventually coaxed back to work.

The council's disciplinary committee dismissed George Macleod in December for not overseeing the finance department properly, for not checking that the finance director had stopped borrowing and on-lending after being reprimanded for this in 1988 and for his handling of the BCCI crisis. But last Friday the appeals committee decided by a majority of seven to five to let him off with a final warning.

Loyalties strided

■ The Queen's recent visit to Australia will be remembered for the unusually large number of *faux pas* committed by her rebellious subjects down under. Among the more memorable was the Sydney Morning Herald's. It published a photograph of Her Majesty in full regalia, only to discover that

With ice

■ We've seen skeletons advertising video tapes; now onto our screens may come a Stone Age corpse extolling ice-cold beer. Homo tyrolensis, a hunter who mysteriously froze to death while trying to cross the Alps 5,000 years ago, is costing his guardians, the University of Innsbruck, a lot of money. So Johann Moser, the university's dean, is searching for corporate sponsors to cough up nearly £2m to pay for the experts and research facilities needed to find out all there is to know about life way back when. In return a sponsor would get promotional rights to one who is almost perfectly preserved. At the time of death our hero had collected some 100,000 in a bone beaker. Perhaps a gin manufacturer would care to fulfil his order.

PR Prod

■ Following hard on last week's totally blank press release from HM Treasury comes the almost completely blank invitation to "a private view of the launch commercial for the new Volkswagen Golf". The large white card is empty save for a half-inch rectangle



"We're waiting for our electoral bribe before we consume our way out of the recession"

of tiny print and a VW logo. On the other hand, Observer now receives so many invites to the launch of this, that, and the other new advert, that a blank one is quite welcome. Once upon a time new commercials were simply fished at the unsuspecting public; now they have to be accompanied by fripperies — champagne, cassettes, glossy brochures and other gimmicks — which once went with the launch of something more than 30 seconds of TV time.

Desert storm

■ Jean-Marie Descarpentries, one of the more colourful members of the French business elite, has made it back from his short absence in the corporate desert. But the title of European development adviser to Novalliance, a medium-sized French packaging-to-property industrial group with a FFY 10bn turnover, seems distinctly small fry for the likes of

Descarpentries who, until last September, was in charge of CMB Packaging.

The show-case merger between Carnaud and Metalbox Packaging, two pillars of the French and British establishment, was, however, dogged by serious friction between respective management styles. The ebullient Descarpentries — who made his initial mark by taking CMB executives on a get-acquainted session to the Jordanian desert — stood aside four months ago.

Accused by some executives of trying to divide and rule, he had been better appreciated when engineering the recovery at loss-making Carnaud — in the early 1980s a company sorely in need of the Novalliance touch. Now Novalliance seems eager for an injection of the decentralist philosophy which is his trademark. It may have got more than it bargained for.

Love and war

■ Anyone in any doubt that the Tories will be losing one of their few remaining mavericks now that Alan Clark is bowing out of the Commons should look no further than the last Christmas edition of *New Statesman & Society*. When the member for Plymouth Sutton was asked to nominate the book that pleased him most, he chose Gabriel Garcia Marquez's "Love in the Time of Cholera". While the choice was not especially noteworthy, the reason given was more interesting. "For anyone who has been in love really in love, I mean, which (as for them) doesn't apply to all — this is the book," he opined. Hardly the language one would expect from the minister for defence procurement. But all the more refreshing.

Do or die

■ Seen on a pub menu-board in Wiltshire: "If you eat here, you won't get better."

Making waves for the world

Hugo Dixon and Michio Nakamoto on new frequencies

Generals and admirals use them, businessmen with their car phones depend on them and any future colony on the moon would need them.

Radio waves underpin military, mobile and space communications, and much besides. But waves assigned to one service cannot be used by others. If they are, the result is a jumble of confused signals.

This is the central preoccupation of more than 1,000 government delegates from about 100 countries who are meeting in Torremolinos, Spain, under the auspices of the United Nations. Their task is to revise an obscure but important backwater of international law — the radio regulations. These regulations specify which radio waves can be used for what purposes.

Current regulations — most recently revised in 1979 — have become outdated because advances in technology have led to a mushrooming in new services that need radio waves to operate. But those parts of the spectrum which are the most commercially exploitable are overcrowded. So new services are competing with each other and with existing ones for a scarce resource.

The World Administrative Radio Conference, as the meeting is called, will set the framework for the whole gamut of radio-based services until 2000.

At the conference, powerful industrial interests are lobbying to influence decisions on the allocation of frequencies. Much is at stake because of the huge investment needed to develop new services. High on the agenda are high-definition television (HDTV), satellite telephones, global radio programmes and space communications.

Two main considerations will preoccupy the government-led teams: how to back their domestic industries, and how to cause minimum disruption to existing users of radio waves. More than 30 European nations have co-ordinated their conference aims, creating a powerful voting bloc. The US and Japan also have clear but rival agendas — largely because their industries have different technological approaches. It is the horse-trading between various national interests that forms the substance of the month-long conference.

If a deadlock should result, there is a provision for voting on the basis of one nation, one vote. A compromise seems the likely outcome, partly because services from different countries need to operate without interfering with each other.

An agreement is also necessary because only then can there be a standardisation of standards and economies of scale. If equipment had to be manufactured to a variety of standards for each national market, costs would be high.

So far, delegates have agreed to free up frequencies for more radio programmes with global reach such as the BBC World Service. There is also broad consensus on making frequencies available for radio programmes to be beamed by satellite, telephones in aircraft and communications in space.

But there are two particularly contentious issues. ● HDTV. The US, Europe and Japan agree that frequencies should be allocated to HDTV but have proposed various frequencies. The US and Japan would like to use frequencies which the Europeans are using for fixed telecommunications links, while Europe wants frequencies occupied in the US by mobile communications and satellites.

● Mobile communications. The US is backing the idea that the next generation of mobile phones will involve bouncing signals off satellites, a technology where American companies are pre-eminent. The European nations favour the more conventional approach of sending radio signals along the earth's surface where their companies have expertise.

The European view of the future of mobile communications is still unclear. One idea in the industry is that it will be simply an evolution of the current cellular systems with higher quality and smaller handsets. Some visionaries, though, say it will combine a telephone, television and computer on a terminal the size of a wrist-watch.

Even among those who argue that mobile satellite is the right approach, there are a variety of opinions. The best known plan is being promoted by Motorola, the US electronics group. It wishes to launch 77 mini-satellites that would circle the globe at 413 nautical miles above the earth's surface. The low height would allow customers to have small handsets similar to cellular phones because less power would be needed to communicate with the satellite.

An alternative plan by the International Maritime Satellite organisation — a multinational group owned by 65 telephone companies whose main function is to provide communication services to ships — involves satellites at a height of 36,000 kilometres, as well as at a lower orbit. This would allow them to be stationary above the earth's surface, thus reducing the need for sophisticated technology to track moving satellites.

In any event, the decisions in Torremolinos will not be the final word on radio communications. By the time the conference next meets in Peru, there will be even more crowded and demands for frequencies from imaginative new services even more pressing than they are today.

Latin America currently experiencing a significant level of economic reform and political stability, the Financial Times on the 25 April 1992 will be publishing a major survey entitled

LATIN AMERICAN FINANCE & INVESTMENT

In addition to reporting in the FT's worldwide edition, the Survey will be distributed to all delegates at the Inter-American Development Bank Annual Meeting taking place in Santo Domingo during April.

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FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

Philips faces its moment of truth

Michio Nakamoto and Ronald van de Krol on the company's emphasis on consumer electronics

Struggle to stay above water



	Sales			Income		
	1990	1991	1992	1990	1991	1992
Lighting	7.03	1.75	1.80	1.75	1.35	1.09
Consumer products	25.40	5.71	5.84	8.38	1.712	288
Professional products & systems	13.06	2.50	3.22	3.02	18	181
Components	8.18	1.99	2.15	1.94	11	75
Miscellaneous	2.12	0.48	0.47	0.45	144	16
Income not attributable to a specific product sector					22	71
Total	55.76	12.51	13.49	13.49	2,260	655

is being replaced by a more market-driven initiative.

The central element of this strategy, the focus on consumer electronics, is hardly surprising.

The division represents nearly half the group's revenues, accounting for 45 per cent of total revenues of £155.8bn in 1990.

What is new, however, is the greater emphasis on software, such as music recordings and videos, and expansion of the group's distribution network.

This strategy clearly emerges in Mr Timmer's most eye-catching investments.

This month, he agreed to spend \$175m on a 25 per cent stake in Whittle Communications, the US media company - a step towards a 33 per cent holding.

Philips sees Whittle as a vehicle for promoting one of its latest products, Compact Disc-Interactive (CD-I), a CD player which, when hooked to a television set, allows the viewer to combine sound, image and graphics.

Whittle already enjoys unusual access to US school children - a prime potential market for CD-I's educational applications - through its 12-minute news programme called Channel One, which it beams to nearly 9,000 US high schools (partly with the help of Philips equipment) every day.

The US investment is part of

Philips' wider efforts to ensure not only that consumers have the necessary software to run on their Philips hardware, but also that the company will be in a position to control the outlets for that software.

To this end, Mr Timmer has concentrated the group's relatively scarce resources in building up a network of interests in the video-rental business in continental Europe, the UK and the US. This emphasis

has been controversial, partly because Philips was itself making losses in video rental and was forced to rescue Super Club, the loss-making Belgian chain in which it had a stake.

But this web of interests in video rental will give it access to thousands of "software" outlets in north America and north-west Europe, which it hopes to use to promote new "hardware" like CD-I.

Philips increasingly sees software as a valuable activity in its own right, both as a source of dependable profits

and a counter-weight to consumer hardware price wars.

Although Philips does not break down profits by product group, its 80 per cent stake in PolyGram, the London-based music company, has in recent years been a main source of profits in consumer products.

It now evidently assumes that having influence over the software played on its video-cassette recorders and television sets will be equally lucrative.

It frequently cites 1989 figures from the US showing that consumers spent \$9.5bn on video software that year, \$600m more than they spent on TV sets.

But while Philips' new market-driven strategy marks a bold departure from its past, it is yet to be felt on the company's profits. The group's performance in 1991, its centenary year, is expected to show that, while Mr Timmer and his management team have made some progress, there is still a long way to go.

Recession in many of its principal markets and the difficulties in changing attitudes in the company's large bureaucracy have slowed the benefits of restructuring.

An unexpectedly strong swing back into profitability in the first three quarters of last year has raised hopes. A loss of £1.2bn in the third quarter of 1990, for example, was transformed into profits of £1.88m

in the same period in 1991.

But a careful scrutiny of the numbers indicates that the improvement is due largely to the benefits of having taken out a big slice of costs in the form of staff cuts. The costs of the restructuring were taken as provisions against profits in 1990 - an important factor in the group's losses that year.

More worrying, profits in the consumer electronics division, which comprise more than 40 per cent of group revenue, have been slipping steadily throughout the year as increased competition in a recessionary environment has eaten into margins.

In spite of the cost reductions achieved so far, the group is still highly indebted and financing costs last year are expected to be as high as 30 per cent of operating profits.

This level of financing costs is crippling at a time when new products, such as CD-I and high definition television, still require large investments. RDTV investment is likely to cost several hundred million guilders.

Unless financing costs can be brought down, they will have a lasting impact not only on profitability over the next few years but also on the company's ability to stay ahead in product innovation, says Mr Peter Knox, electronics analyst at stockbroker UBS Phillips & Drew.

With shareholders increasingly vocal in their criticism of Philips' management, the company can no longer afford to take such a long-term view of the investment in product development, admits one Philips official.

The combination of the group's financial pressures and the need to placate shareholders means that Mr Timmer will need to perform a careful balancing act when he declares the company's dividend policy in two days' time.

If analysts are right and Philips fixes the 1991 dividend at about £1.05 compared with its last pay-out of £1.2 in 1989, the message to staff and investors will be clear: some progress has been made but a lot needs to be done.

The real test will come in the next two to three years. This will be "own-up time" for the group, as one spokesman for the company puts it. During the period, at least one of the technologies that Philips has been pouring money into - DCC, wide screen TV and CD-I - must reap profits.

Unless the group can deliver in that time, Philips could return to the gloom of 1990. It would then have to face a much more radical shake-up than Mr Timmer's current exercise.

Joe Rogaly Scotland the grave



Scotland will devour the energies and perhaps the spirit of the next British government. This is the privately-expressed fear of many Westminster politicians, more than a handful of whom are members of Mr John Major's cabinet. I hope they are right. The United Kingdom is ill-served by the historic complacency of the English. If the Scots oblige the infuriating tribe south of the border to think afresh about how we run our polity they will benefit everyone. If they puncture the illusion of grandeur that - nearly half a century after the end of the Second World War - still haunts the English, we can only cheer.

Mr Major disagrees. Like every prime minister before him, he has begun to reflect upon the historic greatness of his office. It happens to them all. Becoming the temporary tenant of Number 10 Downing Street is a rush of ecstasy to the head. You are host to Gorbachev, Yeltsin, Reagan, Bush. You take your turn as chairman of the UN Security Council, the Group of 7, the EC, or appear as first among equals at meetings of heads of Commonwealth governments.

This sense of being in the control room of the civilised universe is given an electric charge by the thrill of being assured that you are doing some good. For you are supported by highly competent officials. On most days, you can reasonably claim, Britain's influence in international forums is beneficial.

Back on earth, the prime minister's speech in Glasgow on Saturday could be read as an intimation to the Scots that if they choose separation from the United Kingdom they will no longer be part of all this. This is to make them face up to the consequences of themselves of putting the union in jeopardy. It could, however, be interpreted as a warning that if the Scots go, so might the Welsh and Northern Irish. That would leave little England exposed as a small offshore country, deserving of relegation.

The second interpretation is consonant with Mr Major's statement that the debate on

Scotland's future is "a matter that transcends the election".

A sense of playing a leading part in world affairs also explains his passionate affirmation that "England and Scotland, Wales and Northern Ireland together are far, far greater than the sum of their parts".

The same argument gives verisimilitude to the claim that Conservative support for the union is disinterested. Floating Scotland free would detach Labour's majority from Westminster, ensuring Tory rule until kingdom come. "And yet," said Mr Major, "it is our party that supports the union. Not because it's always been good for us, but because it's always seemed right to us."

The Glasgow speech was not a passionate declaration. It set out lines for Conservative participation in the debate on Scotland's future. The government may be wrong about Scotland, but at last the prime minister is taking the argument seriously.

Mr Major proclaimed himself

try to do a de Klerk and challenge the Scottish Nationalists to a referendum. If the offer was separation or nothing, the Nationalists might lose. The status quo would be maintained, give or take a few mollifying gestures in the shape of modifications to the operations of the Scottish office. His remaining option would be to accept that many Scottish Conservatives want to revert to its pre-Thatcher pro-devolution stance.

It be proves happier with the first two of the above options than the third it will be because of a genuine fear of an unravelling of the United Kingdom. I believe this to be misplaced. The worst and most unlikely outcome of devolution would be the eventual choice of Baltic-style independence by all three Celtic states. That would leave England, with 85 per cent of the population of the UK, well able to struggle along in the best 54 per cent of its land area. Within the EC, there would be no frontier checks unless they were imposed by England in a fit of pique. If Treasury figures about the cost to English taxpayers of maintaining their burdensome peripheral cousins are correct, Mr Major could reduce the standard rate of income tax to below 20p at a stroke.

This takes the argument to extremes. The prime minister rightly charged that Labour's proposals for devolution are financially unconvincing. There is also the thorny question of Scottish representatives at Westminster voting, or not voting, on devolved matters. It needs an answer, even if that is no more than a reduction of the number of Scottish MPs and a restructuring of the committee system. Labour squirms around this. For Mr Major to say so serves the politics of the moment, but that is all. The Tories should look for a satisfactory framework for devolution, including consequential changes at Westminster. All that is being sought is a regional assembly, or entrenched local self-government. This is something Spain knows much about and France is wrestling with. Only England, whose elective dictatorship deprives its rulers of an understanding of shared power, recoils.

The Major choice: a modified status quo or separation for Scotland

a unionist because, he insists, the true choice is between a possibly modified status quo and outright separation of Scotland. He rejected a third option, devolution of powers to a Scottish parliament, as unworkable, expensive, and likely to lead to separation.

Yet there is nothing in his speech that would prevent a Conservative government elected on April 9 from turning around on April 10 and accepting that devolution is on the agenda. The conventional wisdom is that it would have to do so, since on most calculations there would be a mere tadpole full of Scottish Tories left in the House. This is not so. As prime minister of a minority or low-majority government, Mr Major would have at least three choices.

First, he could attempt to tough it out, and appoint English ministers to run the Scottish office, following past examples in Wales and Northern Ireland. Second, he could

LETTERS

Health reforms answer to demographic change

From Dr Kosta Manis

Sir, In the battle of statistics on the National Health Service ("Temperature rises over NHS reforms", February 20), there is a vital one missing. Within the next nine years there will be a 50 per cent increase in those aged 85 and over, adding an extra 17 per cent to the health bill.

Bearing in mind that the NHS already spends 40 per cent of its resources on the old age pensioners, that the medical technology costs are spiralling, and that there will be a reduction in the tax-paying workforce from a drop in the birth rate, it is only a matter of time before the Treasury gives up as the sole provider.

It is therefore inevitable that whichever party wins the next

election will have no choice but to examine new ways of financing health care.

I have recently applied to become a fund-holder because I believe that the real strength of the reforms is that they have introduced devolution in medicine, by shifting powers from Whitehall to the districts.

Some RCGP At a local level the huge problems from the expected demographic changes can be dealt with much more efficiently.

I was therefore disappointed to read in your leader today that Labour will abolish the reforms, if elected, and return to a centralised bureaucracy.

Kosta Manis, British Health Centre, Epsom, Kent

Inspiration should be gained from the future, not the past

From Mr Ronald Mellor

Sir, Why do we British, as a nation, have such an urge to indulge in nostalgia when we try to improve our future? Moves by political parties to create national networks of technology centres are welcome, but must we name them after Faraday or Newton? ("Parties agree on technology plans", February 20).

Cannot inspiration be gained from the excitement and challenge of the future without

looking to names from the past? We must look forward or our fortunes are doomed.

Ronald Mellor, secretary, Institution of Mechanical Engineers, 1 Bridge Walk, London SW1E 9JW

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Finance: the common ground between management disciplines

From Mr Arthur Forrest

Sir, There is a truth in Mr Willis' reply (Letters, February 20) to the suggestion by Mr Akio Morita, chairman of Sony, that accountants should not lead industry.

As with all generalisations, examples can be found to prove the point, but neither Mr Willis nor Mr Morita can deny that the only real common ground between disciplines in any business, whether in engineering or not, is finance.

Relations with the workforce are not entirely influenced by money but the level of the pay packets will always be an inescapable factor. How is a company to afford competitive pay if it ignores the economics of its products and markets?

A similar question arises over investment in the development of new products. It is not enough to let ideas from the grass roots be turned into products without considering the common ground of money

where today's investment is tomorrow's profit. Not many businesses will prosper without these and other financial disciplines.

Certainly, vision and leadership in business is an essential ingredient for success in the UK as well as in Japan and some accountants at the helm of British industry lack such skills and could be criticised for detachment and "short-termism".

However, the FT's report (February 20) of losses at Sony suggests the emphasis on technology in management may not offer a foolproof solution either.

Perhaps Mr Morita is wishing now he had a better balance between finance and other skills in his boardroom.

Arthur Forrest, managing director, East-Williams Group, Station Road, Edenbridge, Kent TN8 6EG

More a grande dame than a woman down at heel

From Dr Hélène Seppälä

Sir, Joe Rogaly, in his column "Beurre Focaccine" (February 21), describes Mrs Margaret Thatcher as "She who regarded herself as the sole *bonnie femme*". I cannot believe this to be true. *Use bonnie femme* denotes a total lack of sophistication, namely a woman down at heel

and rather vulgar. Mrs Thatcher may well have seen herself as the sole *grande dame* as she assumed the airs of an absolutist monarch. I suggest that He who regards himself as *un homme du monde* should first check his French.

Hélène Seppälä, 174 Eversington Road, Cambridge CB3 0LS

Lloyd's must be resolved without bitterness, abuse and rancour

From Mr Tom Benyon

Sir, In the wake of your article "Multiple damages on Lloyd's" (February 19), I wish to correct an impression that I have been promoting "allegations... which must be treated with considerable caution". I have striven not to say things that were either gratuitously damaging or spread rumours which seemed to be travelling quite fast enough without my help.

And, in any event, there are enough problems for my membership to cope with without me having to invent more. Later still, I have not alleged that malpractice is rife. Nor have I said that I thought Lloyd's faced a solvency crisis.

On numerous occasions last

week I was asked my views on these matters and I have either refused to comment or I have denied the rumour that the questioner hoped to confirm. Then I was repeatedly asked whether I was calling for Mr Coleridge's resignation. I said that I thought he was doing well in dreadful circumstances and what good would his resignation do anyway? Then I was asked if I thought that self-regulation should give way to outside regulation? I said that I thought the present governance should change but outside regulation might make matters even worse.

None of my replies was printed or broadcast.

Perhaps those who are sought by the media to com-

ment would reflect that competent soldiers always seek to ensure that the bits they shed do not land back on their own heads. And that explosions, flashes and smoke presently generated might present a pretty spectacle for a time but the reality is they obscure the real battleground.

We need quickly to settle down and work out what we are going to do about the fact that 100 per cent of the losses have descended on to 25 per cent of the membership. In such quantity, they face possible ruin now and certain ruin in the next three years.

The fact these losses have fallen on those Names appears to be arbitrary. Often, sufferers were not told of the risks atten-

dant on the spiral syndicates, nor could they tell a good agent from the not so good. They trusted too much. This is seen by everyone (except the 75 per cent of the membership who share cheques for around £500m) as manifestly unfair and the engine for the current hysteria.

But mutualisation has already started in the Warrilow and Outwaite settlements. It must continue without bitterness, abuse and rancour and without the process being towed endlessly through the courts and the media.

Tom Benyon, The Society of Names, The Old Rectory, Adstock, Buckingham, MK18 2HT

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INTERNATIONAL COMPANIES AND FINANCE

Viag hits record DM405m profit as sales surge 22%

By Christopher Parkes in Bonn

VIAG, the fast-growing German conglomerate, yesterday revealed record sales and profits for 1991. It said it was confident of further growth despite tough economic conditions.

Profits after tax rose 20 per cent to DM405m (\$345.4m), matching company forecasts. Sales, however, fell short of predictions from Mr. Georg Obermeier, financial director, who in December promised a 25 per cent increase.

Even so, turnover was up 22 per cent at DM23.7bn, thanks mainly to the effect of acquisitions during the year.

Viag, which was formerly government-owned, has increased sales four-fold since privatisation started in 1986. The state's remaining 60 per cent stake was sold in 1988.

Announcing the provisional 1991 results, the company said acquisitions made during the year - notably the purchase of packaging group Continental Can Europe - had helped it offset the effects of weaker performance in chemicals and divisions supplying the iron and steel industry.

Aluminium sales also fell 10 per cent during the year. How-

ever the glass and energy divisions turned in improved figures.

The group, which is planning to float off a 49 per cent stake in its VAW aluminium division, last year increased investment in the business by 53 per cent to DM487m, fulfilling Mr. Obermeier's promise to "dress up the bride".

VAW is awaiting monopolies clearance for its agreed bid for Eisenwerke Brühl, a motor components supplier.

Total investment during the year almost doubled to DM487m, of which more than half went on acquisitions.

SA leisure group net ahead 15% to R213.3m

By Philip Gawith in Johannesburg

KERSAF Investments, the South African leisure and entertainment group, overcame deteriorating trading conditions to record a 14 per cent increase in earnings in the six months to the end of December.

Turnover rose 13 per cent to R1,028m (\$357m), and operating income was 10 per cent higher at R274.98m. A lower tax bill, due to heavy capital expenditure at the group's Bophuthatswana hotel operations, helped lift net profits by 15 per cent to R213.3m. Earnings attributable to outside shareholders, however, also rose, thus restricting attributable earnings to R88.4m, a 14 per cent rise.

Mr. Buddy Hawton, executive chairman, said the results were satisfactory in the light of difficult conditions and the susceptibility of the group to a slowdown in consumer spending.

Kersaf's main investments are a 80 per cent stake in the Sun International casino resort and hotel group, and a 38 per cent stake in Interleisure, which is involved in the leisure and entertainment fields.

Sun International performed well during the period, with casino revenues 25 per cent higher than during 1990. This was due in part to the opening in November of the Carousel resort. In line with the rest of the industry, however, hotel occupancies declined, by 4 per cent, to 66 per cent.

Mr. Hawton said Interleisure's performance had been satisfactory, with cinema attendances picking up after a slow start, and buoyant trading at Computicket, the entertainment booking outlet.

Looking ahead, he said depressed economic conditions were expected to continue for the rest of the year. Earnings growth, however, should be satisfactory if conditions did not deteriorate further.

The dividend was lifted by 14 per cent to 66 cents per share, on a similar rise in earnings to 115 cents per share.

Calmly observing a share price slide

Peter Bruce gauges Telefonica's feelings on investor nervousness

For a company that saw some 12 per cent of its stock market value evaporate in heavy selling in Madrid and New York during three days last week, Telefonica, Spain's state-controlled telecommunications monopoly, is a model of corporate serenity.

Investors had reacted badly to the announcement that the transfer of Telefonica's in-house pension scheme to the national social security system was going to cost the group Ptas19.4bn (\$194m) this year.

But, says an official, "that was natural. We can easily make up that amount, but any market learning that a company is going to incur extra costs of \$190m is going to react badly".

The news knocked Pta140 off Telefonica's shares in Madrid, although by yesterday the share price had begun to recover slowly. With cash-flow running at around Ptas450bn a year, a one-off addition to Telefonica's costs of Ptas19.4bn is clearly not the end of the world.

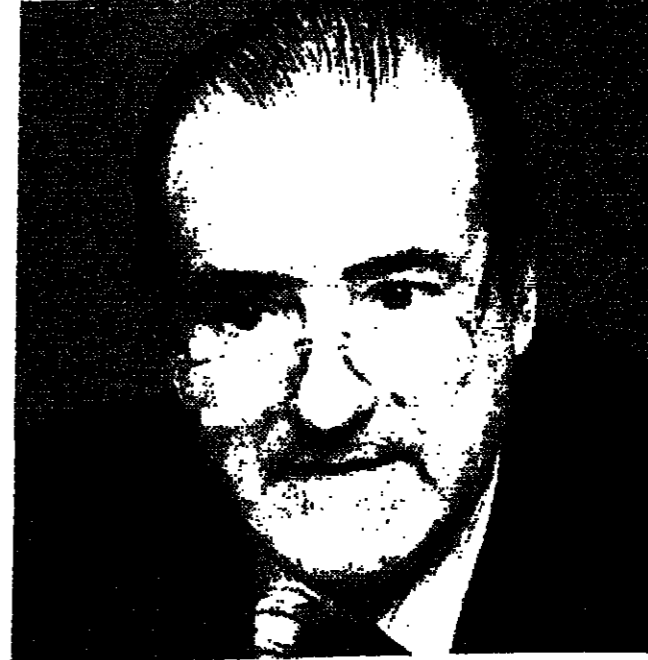
Nevertheless, the company may have got itself into an uncomfortable position, particularly among foreign investors. The pension fund move was the latest in a series of irrita-

tions which began last summer when Mr. Candido Velazquez, Telefonica's chairman, sparked a sharp increase in the company's share price by announcing it had decided to begin linking dividends to profits. This brought to an end the tradition by which the company paid a dividend of 11 per cent over the stock's nominal value.

The stock market took this to imply an almost certain 1991 dividend increase. But while the company did, indeed, report a 6.7 per cent rise in net profits to Ptas80bn for the year, the dividend did not move.

Investors in Madrid and New York were plainly disappointed. The added impact of the pension fund move - which has been hanging over the company for some time - has not helped. Basically, Telefonica is having to transfer its underfunded pension scheme to the social security system and borrow Ptas55bn from the system to pay back the difference.

The Ptas55bn, however, applies only to retirees already drawing pensions. An estimated Ptas19.4bn will be owed to active workers over the next 25 years, which could cost the company about 1 per cent a year in interest



Candido Velazquez: dividend plan had spurred shares

to the social security.

And because Telefonica's own scheme promises workers a premium over the social security, the company may have to create an additional external scheme worth an estimated Ptas75bn and finance it through borrowings.

Nevertheless, the timing of Telefonica's pensions announcement may be political. The Spanish state's 32 per cent shareholding in the company ensures Telefonica a sympathetic ear as it begins negotiations with the government on 1992 tariff increases. Last year it won an average 6.7 per cent. Even a 5 per cent rise this year could generate an

extra Ptas40bn in income.

Telefonica will also install 500,000 new lines this year, and is still negotiating the disposal, forced upon it by the European Commission following the Telettra, of stakes in Alcatel and Telettra's Spanish operations. These represent Telefonica's biggest industrial shareholdings.

Along with management determination to find new savings and extra productivity this year to compensate for the pension transfer costs, income from these asset sales should comfortably see Telefonica over the difficulties that emerged last week.

Saab Auto slices loss to SKr1.4bn

By Robert Taylor in Stockholm

SAAB Auto has reported a SKr1.39bn (\$232m) loss, after financial items, for 1991, down from a loss of SKr1.84bn in 1990. Sales rose 2 per cent to SKr15.01bn.

The final-quarter result was particularly heartening for the company, which is jointly owned by Saab-Scania and General Motors of the US. This fell to a loss of SKr1.34m from a SKr981m deficit last time.

The company said the recovery through 1991 reflected the

fruits of a strong productivity performance and extensive restructuring, including the closure of Saab's Malmo plant and concentration of Swedish assembly operations at Trollhättan.

Saab Auto said it increased its share in important markets despite the impact of depressed economic conditions on sales. In Sweden, market share rose to 9.6 per cent from 8.8 per cent in 1990. The figure was the highest recorded by

Saab Auto since 1986.

The company said it had made a final review of product development expenses, applying the same accounting principles as in 1990. As a result, there was a larger capitalisation of product development expenses than calculated earlier in the year.

The adjusted figures indicate a net loss, after financial items, of SKr963m for the first quarter, SKr834m for the second, and SKr622 for the third.

Deficit rises to Nkr951m at top Norwegian bank

By Eric Frey in Vienna

SPAREBANKEN Nor, Norway's biggest savings bank known internationally as Union Bank of Norway, has reported net losses of Nkr951m (\$147m) for 1991, up from Nkr184m a year earlier, writes Karen Fosli in Oslo.

It also announced that the Norwegian government's bank investment fund had agreed to participate with Nkr700m in a mandatory convertible bond issue in connection with Sparebank Kredit, a domestic mortgage company, which Sparebanken Nor is acquiring.

Operating profit, before credit losses, fell by Nkr311m to Nkr547m in 1991. Credit losses were cut by Nkr123m to Nkr1.35bn.

Creditanstalt seeks 55% stake in Slovenian bank

By Eric Frey in Vienna

CREDITANSTALT Austria's second largest bank, is taking a major stake in a Slovenian bank, its first significant foothold in the region.

Creditanstalt's chairman, Mr. Guido Schmidt-Chiari, said the bank wanted to buy at least 55 per cent in Ljubljana-based Nova Banka. Slovenian press reports said the deal would be worth Ecu37.5m (\$30.7m).

Creditanstalt's acquisition of Nova Banka is the first investment of a foreign bank in Slovenia since the republic broke away from Yugoslavia last summer. The move highlights Slovenia's growing dependence on Austria for economic and financial support. The country

has a population of only 2m and few monetary reserves to back its new currency.

Mr. Schmidt-Chiari said the transaction was part of his bank's strategy to expand in the former communist countries bordering Austria. It already operates branches or joint ventures in Hungary, Czechoslovakia and Poland.

Two-year-old Nova Banka is one of Slovenia's leading experts in foreign trade financing. The bank, with assets of about Ecu15m and 50 employees, was the first in Slovenia to issue shares to the public.

Creditanstalt said it would buy the interest by financing an increase in paid-in capital.

BSN's Exor bid rejected

By William Dawkins in Paris

A LEADING family shareholder of Exor, the French holding group which controls Perrier, yesterday rejected a FF1.6bn (\$1.07bn) counter-bid from BSN, the food group.

Mrs. Corinne Mantelopoulos, of the Franco-Greek family which made a fortune from the Felix Potin grocery chain, announced she would not tender her Exor shares to BSN's offer, made last Friday.

Mrs. Mantelopoulos owns just over 14 per cent of Exor and is allied with Hnt, the Agnelli family holding company which has made an agreed bid for Exor and holds another 39.84

per cent of the shares. Separately, Nestlé, the Swiss food group, is making a hostile bid for Perrier itself.

The announcement confirms that BSN's bid for Exor has no chance of success, a fact which comes as no surprise to any of the parties in the convoluted three-month battle.

BSN has made clear that the real purpose of its bid is to put pressure on the Agnelli family to negotiate a solution, in which BSN would take over Volvic, one of Perrier's brands. Nestlé would take the rest of Perrier, and in which the Agnelli family would be offered a dignified and profitable exit.

French drugs group static

By Alice Rawsthorn in Paris

ROUSSEL-UCFAP, the French pharmaceutical company owned by Hoechst of Germany, has reported 1991 net profits little changed at FF1.996m (\$306.78m).

Originally Roussel, in which Rhône-Poulenc, the French chemicals group, retains a minority stake, had expected profits to fall by about 8 per cent. However, the final quarter was more buoyant than anticipated, and the group managed to produce a slight increase in profits from the FF1.997m in 1990.

Roussel's turnover rose 9.9 per cent to FF14.3bn in 1991, from FF13.8bn the previous year. The company benefited

from the introduction of several "winter" products - for flu and chest problems - towards the end of 1990.

The fastest growing area of Roussel last year was the small chemicals division, which saw sales increase by 25 per cent. Pharmaceuticals mustered more modest growth of 9.2 per cent, and agri-veterinary products were ahead 7.1 per cent.

Roussel made provisions of FF150m during the year to pay for the restructuring of its operations. The group closed a number of production plants in Europe, and also consolidated part of its French interests on one site at Romainville in Seine-Saint-Denis.

GT CHILE GROWTH FUND

FEBRUARY REPORT

"GNP is growing, unemployment is falling, wage demands are moderating. The outlook for equity prices is good."



"This is GT reporting from Santiago."

Every month, we produce a report for investors in GT Chile Growth Fund Limited.

In the February issue, we note that rapid recent growth in the money supply has created continuing inflationary pressures, even though wage demands seem to be moderating. With many blue chips trading on 10 to 13 times prospective earnings (and 15 times for the market as a whole) we argue that the market looks very attractive.

Investors have seen net asset value growth of 81% over the 12 months to 31.1.92, and of 139% since launch on 15th February 1990 (Source: GT Management PLC).

The Fund is a closed-end investment company, designed for very sophisticated investors outside Chile, investing primarily in stocks quoted on the Chilean Securities Market.

Its investment objective is to achieve a total return in dollar terms, comprising income and capital gains, primarily through investment in equity and debt securities. The Fund is denominated in US dollars and domiciled in the Cayman Islands. It is listed on the London Stock Exchange. The net asset value and the price of ordinary shares are published in the Financial Times.

Please remember that foreign currency fluctuations may affect the value of your investment and that past performance is not a guide to the future. The value of shares and the income from them can fall as well as rise and you may not get back the amount you invest.

For your copy of the Fund's monthly performance update, simply complete and return the coupon.

To: Lucy Fountain, GT Management PLC, FREEPOST, London EC2B 2DL. CALL FREE 0800 312374. Please send me further information and regular monthly performance updates on GT Chile Growth Fund Limited. ☐ I am already a shareholder in GT Chile Growth Fund Limited. ☐

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ABN AMRO Holding N.V.
established in Amsterdam

Pursuant to Section 9 of the Netherlands Major Holdings in Listed Companies Disclosure Act, the undersigned hereby gives notice that it has received the following notification under the Act:

Name	Percentage of capital interest	of which indirect	potential	Percentage of voting rights	of which indirect	potential
Stichting Administratiekantoor ABN AMRO Holding, Amsterdam	57.78	0	0	57.78	0	0

The issued and outstanding share capital per 31st January, 1992 amounts to NLG 3,136,635,060,- nominal value, consisting of 1 priority share with a nominal value of NLG 5,-, 362,503,010 preference shares, each with a nominal value of NLG 5,-, and 264,824,001 ordinary shares, each with a nominal value of NLG 5,-.

Stichting Administratiekantoor ABN AMRO Holding has announced that the reported capital interest consists of preference shares of ABN AMRO Holding N.V.

Amsterdam, February 20, 1992

ABN-AMRO Holding N.V.

NM INCOME & GROWTH FUND SICAV

2, boulevard Royal
L-2953 Luxembourg
R.C. Luxembourg B-23410

Notice is hereby given to the shareholders, that the

ANNUAL GENERAL MEETING

of shareholders of NM INCOME & GROWTH FUND will be held at the head office on March 6, 1992 at 11.00 a.m. with the following agenda:

1. Submission of the Report of the Board of Directors;
2. Approval of the Statement of Assets as of December 31, 1991 and of the Statement of Operations for the year ended December 31, 1991;
3. Allocation of the net results;
4. Discharge of the Directors;
5. Statutory appointments;
6. Miscellaneous.

Resolutions on the agenda of the Annual General Meeting will require no quorum and will be taken at the majority of the shareholders present or represented.

In order to attend the meeting of NM Income & Growth Fund, the owners of bearer shares will have to deposit their shares five clear days before the meeting at the registered office of the Company or with Banque Internationale à Luxembourg, 2, boulevard Royal, L-2953 Luxembourg.

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February 25, 1992, London
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INTERNATIONAL COMPANIES AND FINANCE

Omron fights to retain competitive edge

Stefan Wagstyl on a Japanese company which is sharply cutting capital spending

Mr Yoshio Tateishi, the president of Omron, the world's largest maker of switches and relays, sees the current downturn in the Japanese economy as a harbinger of a decade of slow growth in the country's manufacturing industry.

But Mr Tateishi is not unduly worried about the prospect. He believes that even though Omron and other Japanese engineering companies face a more difficult time in the 1990s, they will retain their competitive edge in world markets. Growth will come from the further development of the Japanese economy and from export demand in east Asia.

Omron is anything but immune to the effects of the downturn, which has had a particularly severe effect on the company's life blood - orders for factory plant and equipment. Omron warned last week of a likely 54 per cent fall in pre-tax profits to ¥20bn (\$155.5m) in the year to the end of March.

It has cut capital spending from a planned ¥70bn to ¥50bn this year and plans further reductions in the year from April. In its concern for falling profit margins, Omron is reducing its product range by cutting customers' detailed orders.

To make matters worse, independent forecasts for the outlook for capital spending are universally gloomy - Nippon Credit Bank among others predicts a decline in investment in the year from April - the first in 15 years.

Nevertheless, Mr Tateishi sees no reason to panic. He believes Omron has deep-seated commercial and technological advantages which will not be eroded in

even a severe cyclical downturn. He does not share the gloom of some other Japanese industrialists who have compared the current slowdown with the recession Japan suffered after the 1974 oil shock.

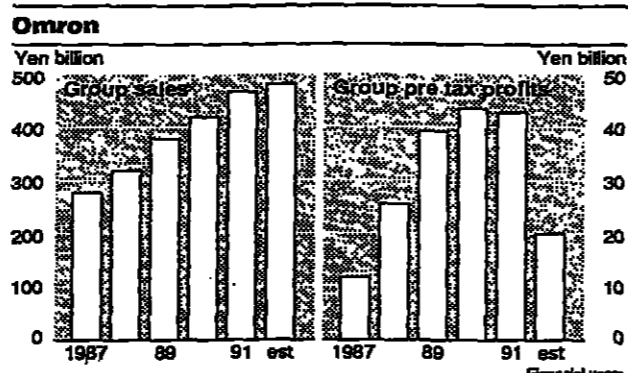
"The financial bubble of the 1980s has collapsed and capital investment is falling. A cycle of business expansion has come to an end," said Mr Tateishi in a recent interview. "Up to 1990 sales in our industry grew at an annual rate of 10 to 15 per cent. I expect annual growth will be 5 to 10 per cent a year for the rest of the century."

Japanese companies are scrapping or postponing plans for investment in increasing capacity. But, says Mr Tateishi, they will continue to invest in labour-saving equipment, in pollution control, in plant to improve working conditions and in technological innovation. Moreover, sales to south-east Asia will grow at

"The financial bubble of the 1980s has collapsed and capital investment is falling. A cycle of business expansion has come to an end."

more than 10 per cent a year, as the economies in the region continue expanding faster than the industrialised world.

Omron's fortunes are founded on its leadership in a narrowly-defined but widely-used technology. Founded in 1948 by Mr Tateishi's father,



Mr Kazuma Tateishi, the company started by supply switches and relays to manufacturing industry and diversified into sensors, timers and programmable controllers - all pieces of equipment which link machines in a factory. Its share of the Japanese market in sensors is 53 per cent, in relays 68 per cent and in switches 70 per cent.

In recent years it has applied the technology to office automation (modems and image scanners), medical equipment and banks' automatic teller machines. But industrial equipment accounts for two-thirds of its turnover which will total an estimated ¥480bn in the year to March.

Mr Tateishi says the company has stayed ahead of rivals through technological innovation. Employees are encouraged to be innovative and to foster their "venture spirit", that is to try new ideas.

The commitment to innovation thrives at Omron's biggest factory at Kusatsu, near Kyoto, in western Japan, which contains some of the company's most advanced production

lines. Relay switches are now made to such accurate specifications that dust would harm their operation so they are assembled in dust-free "clean rooms", like microchips.

Mr Yoshiharu Ukai, a manager, says that 10 years ago the limit for errors in measurements was 20 to 30 microns.

"Japanese groups are postponing plans to increase capacity. But they will continue to invest in technological innovation."

Today it is just 2 microns. In the past, switches were adjusted after they were made to ensure that they operated at exactly the right speed. This was now impossible since they were too small. The products have to be right first time, says Mr Ukai.

Yeun buys stake in Seapower

By Simon Holberton in Hong Kong

MR FRANCIS YEUN, who recently resigned as chief executive of Hang Chung Investments, the company acquired by Citic Pacific, has re-emerged on the colony's corporate scene as a substantial shareholder and managing director of Seapower International.

Mr Yeun, who resigned as chief executive of the Hong Kong Stock Exchange last year to run Hang Chung, has joined with members of the consortium participating in that company's takeover - most notably Mr Li Ka-shing, the colony's leading financier, Mr Larry Yung, managing director of the Beijing-controlled Citic Pacific, and Peregrine, the Hong Kong broker.

Seapower operates in financial services and the cold storage business. Since the early 1980s it has been controlled by Mr Choi Sai Leung. He has been described as a friend of Mr Yeun's and this reason was given as to why the deal was done at \$1K1.60 a share - a 9 per cent discount to the company's prevailing share price of \$1K1.76.

Mr Choi raised HK\$140.8m from the sale of 82m shares to Mr Yeun and others, and immediately subscribed to 48m new shares in Seapower for a cost of \$77m.

Taking the enlarged capital base into account, a company owned 51 per cent by Mr Yeun and 49 per cent by Peregrine has acquired a 20 per cent stake in Seapower. Mr Li will end up with 9.67 per cent and Citic's Mr Yung, 5.6 per cent.

Mr Choi will retain a 25 per cent stake in the company.

First-half drop for Murdoch's NZ unit

By Terry Hall in Wellington

ADVERTISING revenue of the New Zealand, Australia and US publications of Wellington-based Independent Newspapers (INL) was hit by recession, leading to a 9.7 per cent fall in first-half net profits to NZ\$16.4m (US\$8.9m).

Mr Alan Burnet, chairman, said the result was satisfactory considering the depressed economic conditions in the countries where the group owns newspapers. INL is 51 per cent owned by News Corporation, the media group controlled by Mr Rupert Murdoch.

Advertising revenues fell 7.1 per cent in New Zealand and 10.7 per cent in Australia compared with the same period of 1990.

Mr Burnet said the group experienced some recovery, especially in its South Island New Zealand newspapers.

Interest costs would fall for the year after NZ\$14.24m of debt was repaid.

The closure of the loss-making Auckland Star during the period, plus state newspaper prices was expected to mean that the full-year result would show considerable improvement. Satisfactory results were achieved by Gordon and Gotch, the subsidiary which is the largest newspaper and magazine distributor in Australasia.

Circulation of the paid newspapers had been stable, with the Christchurch Press and the Waikato Times showing significant gains. Sales rose 14.9 per cent to NZ\$471.39m from NZ\$410.3m.

Pre-tax profits fell 8.6 per cent to NZ\$28.11m. Tax took NZ\$8.8m against NZ\$10.7m. A maintained 7 cents a share dividend was declared.

Kuwaiti bank well ahead

By Mark Nicholson Middle East Correspondent

THE United Bank of Kuwait, the London-based consortium bank, has announced pre-tax profits of £10.1m (\$17.7m) for 1991, up from £5.5m in 1990, and written back £4.5m out of £13.5m worth of provisions made against Kuwaiti and Iraqi exposure in the bank's 1990 accounts.

UBK, jointly owned by 13 Kuwaiti institutions, has taken the write-back and after-tax profits of \$8.2m into reserves, restoring them to pre-Gulf war levels of \$21m. UBK made an overall loss in 1990 of \$3.5m which it charged to reserves.

In addition to provisions against loans in Kuwait and Iraq, the bank suffered a \$4.4m loss on securities, largely certificates of deposit, sold after the Iraqi invasion to increase liquidity.

The bank's overall footings fell in 1991 to £1.72bn from £1.96bn largely as a result of the standstill in the Kuwait interbank market, where UBK is traditionally highly active with local counterparties.

However, Mr Christopher Keen, general manager, said he expected footings to recover above £2bn over this year as the Kuwait market revived. He said the bank had performed well in its UK and US commercial and mortgage operations.

Surge at Mabuchi Motor

By Robert Thomson in Tokyo

MABUCHI Motor, the Japanese motor producer, boosted pre-tax profit for 1991 by 30.6 per cent to ¥17.29bn (\$135m), as domestic demand for its components remained strong in spite of slowing economic growth.

The company, which assembles most of its motors in other Asian countries, lifted sales for the year 15.3 per cent to ¥89.6bn, with demand strong

for both its completed motors and motor parts. Overseas production bases enabled it to avoid the cost increases experienced by other Japanese exporters because of last year's appreciation of the yen.

But Mabuchi expects that slower demand this year from car makers and electronics companies. Sales of ¥78bn are predicted, with a fall in pre-tax profit to ¥16.3bn.

Bayerische Landesbank Bulletin

MONEY AND CAPITAL MARKETS REPORT - FEBRUARY 1992

CONVERGENCE OF INTEREST RATE
GERMAN BOND MARKET

The international financial markets reflect the cross currents in monetary policies. Some central banks have to put the brakes on inflation, while others have to loosen credit to foster economic growth. International interest rates reflect these disparities.

The world economy presents a mixed picture: Some economies are in the mature phase of an upswing (Japan, Germany), others are still mired in recession (UK, Italy), while the US is on the threshold of an economic revival (this, at least, is what most people believe).

Interest-rate policies are also highly diverse. Although the industrial countries have been working together ever more closely in the past few years, there is at present no consensus among the central banks regarding interest rates, as the economic situation differs widely in the various countries.

In the United States, the Federal Reserve cut the discount rate to its lowest level since the mid-1960s with a view to revving up the US economy in time for the Presidential election. Germany is at the other end of the scale: it has the highest discount rate ever, and its economy is still growing, though at a slower pace.

Only two of the G7 countries, the United States and Canada, have a positive yield curve. This means that longer-term investments in US and Canadian dollars yield more than short-term commitments. Japan has a flat yield curve, i.e. short-term and long-term yields are roughly the same.

Only two exceptions

With these two exceptions, all the other major industrial countries have a negatively sloped, or inverse, yield curve. In these countries, investors who commit their capital for longer periods and thus assume a higher risk are at a disadvantage compared to the short-term players who keep their money in time deposits or buy short-dated paper or securities bearing a variable rate of interest ("floaters").

The Bundesbank is, in effect, fostering the trend toward short-term investment. Concern that inflation could heat up in the late phase of the upswing, as it has done in previous cycles, is prompting Frankfurt to keep a tight rein on credit.

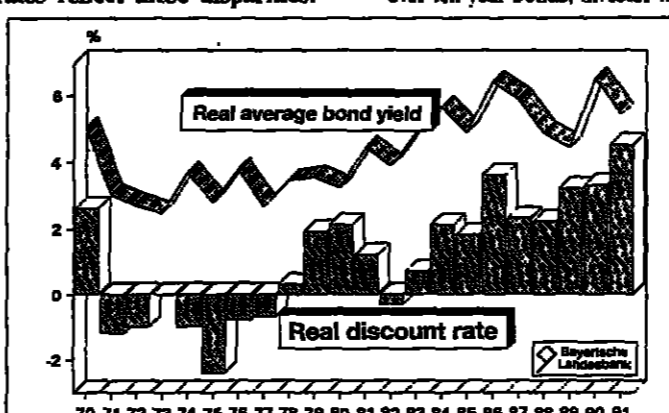
Once the all-clear is sounded on interest rates, there could be a run on long-term bonds as investors switch from the money market to the bond market. Such a run also ensued after interest rates had topped out in 1981. Yields crumbled quickly when it became obvious that the Bundesbank

would soon relax its stance. But such relaxation is nowhere in sight at present. The Bundesbank will stick to its tough monetary policy until further notice. Despite the yield advantage of short-term investments over ten-year bonds, investor interest in long-term bonds is growing. If

we assume, for example, that the amount to be invested is DM 100,000 and the obtainable yield is 8 per cent (bank bonds), total interest income will come to DM 8,000 at maturity. A fixed-term investment for one year, assuming a yield of 9½ per cent, produces an income of DM 9,500 by the end of the year, almost a fifth more than ten-year return. However, if the interest income from the short-term investment is to match that from the long-term one, the yield in the remaining nine years will have to be as high as 78 per cent.

This example shows that a longer-term investment can be quite attractive even if interest rates are inverted, particularly since the inversion has lasted more than two and a half years. This makes it seem likely that the yield curve will return to normal in the not-too-distant future (ten-year bonds normally yield some 2 percentage points more than short-term investments), although the previous positive spread may not be restored immediately.

This would enable the central banks of the leading industrial nations, which have been moving in different directions, to fall back into step. But such a possibility looks highly remote. Interest rates will continue to exhibit wide disparities in 1992.



The real interest rate showed a rising trend in the past two decades. The real bond rate (average bond yield less inflation), which had ranged between 2 and 4 per cent in the 1970s, climbed to just over 6 per cent in the 1980s. This benefited private investors, who are currently holding over DM 600 billion worth of fixed-income securities. The higher real interest rate is a consequence of the tightening of the Bundesbank's monetary policy in the past few years. In the 1973/74 and 1981 periods of high interest rates the Bundesbank raised the discount rate to 7 per cent and 7½ per cent, respectively, now the discount rate is at a record level (8 per cent), although the inflation rate is only half as high as it was at that time. The real discount rate (discount rate minus inflation) is at 4½ per cent and has thus reached an all-time high. It is probably due, above all, to the Bundesbank, which tightened the monetary reins at an early stage, that inflation has remained comparatively moderate, despite the long period of economic expansion.

This would enable the central banks of the leading industrial nations, which have been moving in different directions, to fall back into step. But such a possibility looks highly remote. Interest rates will continue to exhibit wide disparities in 1992.

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Beatrix Mines Limited
(Incorporated in the Republic of South Africa)
Registration No. 7722138/08
Share capital: Authorised - 150,000,000 ordinary shares of no-par value
Issued - 85,000,000 ordinary shares of no-par value

Dividend declaration

NOTICE IS HEREBY GIVEN that an interim dividend, No. 13, of 35 cents per share, in respect of the six months ending 28 February 1992 has been declared, payable to members registered at the close of business on 13 March 1992.

The register of members of the company will be closed from 16 March 1992 to 27 March 1992, both days inclusive.

The dividend is declared in the currency of the Republic of South Africa. Payments from the United Kingdom office will be made in Sterling at the rate of exchange ruling on 10 April 1992, or the first day thereafter on which a rate of exchange is available.

Dividend warrants will be posted on 24 April 1992.

In the case of non-resident shareholders, taxation of 15 per cent will be deducted.

The full conditions of payment may be inspected at or obtained from the United Kingdom Transfer Office.

By order of the board
per pro. GENCOOR (U.K.) LIMITED
London Securities
20 Bly Place
London EC1N 8JA
24 February 1992

United Kingdom Transfer Office:
Barclays Registrars
St James House
34 Beaufort Road
Buckingham, HP8 4PU

**Notice of Redemption to the Holders of
Primerica Life Insurance Company
(formerly The A.L. Williams Corporation)
4.5% Convertible Subordinated Debentures due 2002**

Redemption Date: March 5, 1992
Conversion Right Expires: Close of Business in London, England February 27, 1992

Notice is hereby given that Primerica Life Insurance Company (formerly The A.L. Williams Corporation) (the "Company") has called for redemption all of its outstanding 4.5% Convertible Subordinated Debentures due September 30, 2002 (the "Debentures"). Holders of the Debentures are entitled to receive on March 5, 1992 (the "Redemption Date") a redemption price of \$1,019.38 in cash per \$1,000 of principal amount of Debentures (the "Redemption Price"), consisting of the principal amount of the Debentures plus \$19.38 in interest accrued from September 30, 1991 to but not including the Redemption Date.

Under the close of business in London, England on February 27, 1992, each \$1,000 of principal amount of Debentures may be converted into 34,710 shares of common stock of Primerica Corporation at the conversion price of \$28.81 per share. After the close of business in London, England on February 27, 1992, the right to convert the Debentures shall cease and the sole right of a holder of Debentures (hereafter called the "Holder") shall be to receive the Redemption Price. No interest will be paid at the time of conversion of the Debentures and no dividends will be paid with respect to periods prior to conversion on any common stock received upon conversion. Payment for fractional shares of common stock resulting from conversion of the Debentures will be made in cash.

Conversion of Debentures for common stock and payment of cash in lieu of fractional shares upon conversion of the Debentures, or payment of the Redemption Price upon redemption of the Debentures, will be made only upon timely presentation and surrender of the Debentures (together with all unattached coupons) at one of the offices of the conversion agent or agents at one of the addresses set forth below:

PRINCIPAL PAYING AND CONVERSION AGENT
The Chase Manhattan Bank, N.A.
Worldwide House
Colman Street
London EC2P 2HD

OTHER PAYING AND CONVERSION AGENTS
Chase Manhattan Bank (Switzerland) Ltd. (Switzerland) 24 Avenue Marconi
Luzern 4001, Switzerland
53 Rue du Rhone
CH-1204 Geneva
February 11, 1992
Issued by: The Chase Manhattan Bank, N.A.

**SOCIETE GENERALE USD 50,000,000
11.875% CURRENCY-LINKED NOTES DUE 1994**

Notice is hereby given to the Noteholders that, pursuant to condition 4 "Redemption and Purchase" (c) "Redemption at the Option of the Noteholder" of the terms and conditions of the Notes, the issuer will, at the option of the holder of any Note, redeem such Note on 7th April, 1992 at a redemption price of 96.555 per cent. of the principal amount thereof, together with interest accrued to the date fixed for redemption.

To exercise such option (which will be irrevocable), the holder must deposit with the Fiscal Agent on either 30th March, 1992 or 31st March, 1992, (i) a duly completed redemption option exercise certificate in the form (for the time being current) obtainable from the specified office of the Fiscal Agent and (ii) such Note, together with all unattached Coupons appertaining thereto.

THE FISCAL AGENT,
SOGENAL
SOCIETE GENERALE GROUP
15, AVENUE EMILE REUTER
LUXEMBOURG

All of these securities having been sold, this advertisement appears as a matter of record only.

14,375,000 Shares

TNT Freightways Corporation

Common Stock
(par value \$0.01 per share)

2,875,000 Shares

This portion of the offering was offered outside the United States by the undersigned.

Goldman Sachs International Limited

BNP Capital Markets Limited County NatWest Securities Limited Deutsche Bank
Hambros Bank Limited Merrill Lynch International Limited Nikko Europe plc
Ord Minnett Securities Limited UBS Phillips & Drew Securities Limited

11,500,000 Shares

This portion of the offering was offered in the United States by the undersigned.

Goldman, Sachs & Co.

Bear, Stearns & Co. Inc. The First Boston Corporation Alex. Brown & Sons
Dillon, Read & Co. Inc. Donaldson, Lufkin & Jenrette A.G. Edwards & Sons, Inc.
Hambrecht & Quist Kemper Securities Group, Inc. Kidder, Peabody & Co.
Lazard Frères & Co. Lehman Brothers Merrill Lynch & Co. Montgomery Securities
Morgan Stanley & Co. Oppenheimer & Co., Inc. PaineWebber Incorporated
Prudential Securities Incorporated Robertson, Stephens & Company
Salomon Brothers Inc. Smith Barney, Harris Upham & Co. Wertheim Schroder & Co.
Dean Witter Reynolds Inc. Advest, Inc. William Blair & Company
J. C. Bradford & Co. Cowen & Company Dain Bosworth
Legg Mason Wood Walker McDonald & Company
Rauscher Pierce Refsnes, Inc. Raymond James & Associates, Inc.
The Robinson-Humphrey Company, Inc. Sutro & Co. Incorporated Tucker Anthony
Wheat First Butcher & Singer Adams, Harkness & Hill, Inc.
The Chicago Corporation Crowell, Weedon & Co. First of Michigan Corporation
Furman Selz Edward D. Jones & Co. Ladenburg, Thalmann & Co. Inc.
Mabon Securities Corp. Morgan Keegan & Company, Inc.
Neuberger & Berman Raffensperger, Hughes & Co. Ragen MacKenzie
Rodman & Renshaw, Inc. Roney & Co. Scott & Stringfellow Investment Corp.
Stephens Inc. Wedbush Morgan Securities

February 1992

NOTICE OF REDEMPTION Bell Canada

Can. \$125,000,000 — 12% DEBENTURES,
SERIES DO, DUE 1997

To: The holders of 12% Debentures, Series DO, Due 1997
of BELL CANADA

NOTICE IS HEREBY GIVEN pursuant to the provisions of the Trust Indenture dated as of July 1, 1976 between Bell Canada and The Royal Trust Company, as Trustee, and indentures supplemental thereto including the Eleventh Supplemental Trust Indenture dated as of March 28, 1985 (collectively the "Indenture") that all of the 12% Debentures, Series DO, Due 1997 (the "Debentures") of Bell Canada outstanding under the Indenture will be redeemed on March 28, 1992, at a price equal to 102 1/2% of the principal amount thereof (the "Redemption Price").

The Redemption Price of each of the Debentures will be paid in lawful money of Canada on presentation and surrender of each of the Debentures at the main office in Montreal of Bank of Montreal, or, at the holder's option, at the main office of Morgan Guaranty Trust Company of New York in Brussels, or Bank of Montreal in London (England), and of Union de Banques Suisses (Luxembourg) S.A. in Luxembourg. Each of the Debentures so surrendered must be accompanied by all unexpired coupons appertaining thereto, falling which the face value of the missing unexpired coupons will be deducted from the Redemption Price.

Payments at the office of any paying agent outside Canada will be made, subject to applicable laws and regulations, in Canadian dollars by cheque drawn on a bank in Montreal or by transfer to a Canadian dollar account maintained by the holder with any bank in Montreal.

AND NOTICE IS FURTHER GIVEN that interest upon the principal amount of the Debentures shall cease to be payable from and after the said redemption date of March 28, 1992.

Bell Canada

DATED: February 25, 1992

U.S. \$150,000,000 Chemical New York Corporation Floating Rate Subordinated Notes Due 1996

Interest Accrual Period 26th November 1991
24th February 1992
(inclusive)
Interest Amount per U.S. \$10,000 Note due 8th March 1992 U.S. \$132.68

Credit Suisse First Boston Limited
Agent

U.S. \$400,000,000

Commonwealth Bank Australia Commonwealth Bank of Australia A.G.N. 123 123 124 Incorporated in Australia with limited liability

Undated Floating Rate Notes
exchangeable into
Dated Floating Rate Notes

Interest Rate 4.435% per annum
(LIBOR 4.375% + 0.06%)
Interest Period 24th February 1992
24th August 1992
Interest Amount due 24th August 1992
per U.S. \$ 10,000 Note U.S. \$ 224.21
per U.S. \$250,000 Note U.S. \$560.53

Credit Suisse First Boston Limited
Agent

INTERNATIONAL COMPANIES AND FINANCE

Search for successor to Iacocca takes new twist

By Martin Dickson in New York

THE SEARCH for a successor to Mr Lee Iacocca as chairman of Chrysler took an unexpected twist yesterday when Mr Steve Miller, vice-chairman and one of several candidates for the top job, announced he was leaving the automobile company.

Mr Miller, 50, is to join the small but distinguished New York investment bank of James D. Wolfensohn as a senior partner. The firm's other seven partners include the eponymous Mr Wolfensohn and Mr Paul Volcker, former chairman of the Federal Reserve.

Mr Iacocca, who is to retire at the end of 1992, said Mr Miller was one of several candidates under consideration for his job.

However, industry analysts had not viewed Mr Miller as a particular favourite for the post because his expertise is mainly on the financial side, rather than in making cars.

The other main internal candidate is thought to be Mr Robert



Lee Iacocca: to retire at end of the year

Lutz, the president of the company and head of its automobile manufacturing operations, although there have been reports of friction between him and Mr Iacocca.

This has led to speculation that the company may look outside for a successor, perhaps considering Mr Gerald

Greenwald, who was favourite to succeed Mr Iacocca before leaving Chrysler in 1990.

He is now a managing director of Dillon, Read, the Wall Street investment bank. Mr Miller became chief financial officer of Chrysler in 1981 — in the midst of its brush with bankruptcy — and worked with Mr Wolfensohn and Mr Volcker during the company's financial restructuring.

He said yesterday: "It was not an easy decision to leave Chrysler. But the essential work to position the company for the 1990s has been completed: a new array of products, a lean cost structure, and a revitalised balance sheet. I felt it was time for a new challenge."

Chrysler, like other car manufacturers, has been facing a severe financial squeeze because of the US recession and is banking on new product introductions later this year to solidify its market share. It has yet to name a replacement for Mr Miller.

Bank of America to sell 183 branches

By Alan Friedman
in New York

BANK of America plans to sell 183 branches and divest itself of \$7.5bn of deposits in five states in order to meet anti-trust concerns over the forthcoming \$4.5bn merger with Security Pacific.

The planned divestitures, which are in line with previous indications, are designed to conform to guidelines that the bank has discussed with federal and state bank regulators as well as the Department of Justice.

Some 10,000 employees are expected to be made redundant as part of the merger of the two banks, which have a combined pre-merger workforce of 91,400.

Mr John Wilson, chief economist of Bank of America, told a Senate sub-committee yesterday that the planned divestitures would reduce the post-merger deposit concentration of the combined bank to less than 30 per cent of total deposits of commercial banks, mutual savings banks, savings institutions and credit unions in the five states — California, Washington, Arizona, Oregon and Nevada.

The merger, which is expected to go ahead in the next few weeks, has run into problems in Washington and Arizona, where state legislative panels have proposed laws that would limit to 30 per cent the total deposits the Bank of America-Security Pacific group could hold.

Bank of America argued yesterday that following the sale of 69 branches and \$2.5bn of deposits in Washington, its share of total deposits in the state would be 26.1 per cent. The level in Arizona would be 24.8 per cent after the divestiture of 45 branches and \$2.2bn of deposits in the state.

The planned merger will create the largest banking group on the west coast and the second biggest US bank in asset terms, with about \$185bn of assets. The combined branch network, prior to the divestiture of 183 branches, would be 2,332.

RJR buys in \$1bn worth of debentures

THE RELYENTLESS refinancing at R.J.R. Nabisco, the US tobacco and food group which was the subject of a record \$25bn leveraged buy-out in 1989, continued yesterday when the company bought in \$1bn worth of debenture stock, writes Nikki Tait in New York.

Funds to finance the purchase of the debenture stock came from RJR's newly-negotiated bank facilities. Essentially, the company is replacing the high-cost debenture debt with cheaper bank loans.

Last year, the company shed its "highly leveraged transaction" status. This is a technical banking definition, but by moving out of this category, RJR was able to win access to more attractive bank funds.

The purchase of debenture stock covers \$750m principal of subordinated discount debentures due 2001, \$165m principal of 15 per cent payment-in-kind subordinated debentures due 2001, and \$85m principal of 13.5 per cent subordinated debentures due 2001.

American Express may cut rate

By Martin Dickson in New York

AMERICAN Express, the US charge card company, is, for the first time, considering cutting the rate it charges some merchants who accept its cards. It insists, however, the move is likely to affect fewer than 1 per cent of the total.

The company has faced high-profile revolts over the past year by some groups of merchants who complain that it charges them a substantially higher fee for bills paid with its cards than those levied by rivals Visa and Mastercard.

American Express has repeatedly refused to lower its rates, which provide a more critical element of its income than that of Visa or Mastercard issuers.

who earn much of their profits from cardholders' interest payments.

Mr Harvey Golub, chairman of Amexco's card business, told travel agents in Florida that the group was considering greater flexibility in its rates for some merchants in special circumstances, such as those with highly seasonal businesses.

An Amexco spokeswoman said rates reflected the amount of business a merchant conducted through the company on an annual basis. This penalised seasonal businesses, since their charges might be concentrated in just a few months of the year.

She said any such change

would only apply to "very rare" cases and would affect fewer than 1 per cent of merchants using the Amexco card.

Amexco, she added, had no plans to alter its general pricing structure, which depends on three main factors — a merchant's industry, charge card volume, and whether the merchant submits charges electronically or by paper.

Nevertheless, the fact that Amexco is prepared to open up this chink in its pricing structure in the hope of better relations with merchants, underlines the intense competition it faces in the card industry, and the pressures facing merchants' profits during a consumer recession.

Air Canada chief sets out targets

By Robert Gibbens in Montreal

AIR CANADA must complete an alliance with USAir and possibly a merger with Canadian Airlines International by the end of the year, according to Mr Hollis Harris, Air Canada's new president.

Air Canada must grow and be part of a global network, he said, vowing to speed up negotiations with Canadian Airlines immediately.

The two Canadian airlines have been talking and the fed-

eral government has been preparing the public for a possible merger. However, it would result in layoffs and fleetwide aircraft disposals. Both companies are making heavy losses and their combined debt load is more than US\$4bn.

Mr Harris said there was room for only one main Canadian airline. Air Canada's strength was domestic and European, while Canadian was strong in the Pacific, he said,

underscoring the case for merger.

However, airline analysts in Canada and the US remain sceptical about any such merger. The federal budget today is widely expected to lift the 25 per cent maximum on foreign control of Canadian national airlines.

An equity link between Canadian Airlines and American Airlines has not been ruled out, despite recent denials.

Earnings rise at leading Japanese drugs groups

By Emiko Terazono
in Tokyo

TWO leading Japanese pharmaceutical groups reported increased non-consolidated earnings for the year to December. Both companies saw rises in sales and profits from the previous year due to new drug developments.

Chugai Pharmaceutical's pre-tax profits rose 13.9 per cent to ¥10.5bn (\$81.6m) after a sluggish performance in the previous year, as profits fell sharply in 1990 due to a slump in sales of the group's anti-cancer agents. While sales of its mainstay drugs remain subdued, Chugai's remedy for renal anemia helped push sales of blood and body fluids up 69 per cent to ¥22.5bn.

For the full year to December, Chugai expects a 13.2 per cent rise in pre-tax profits to ¥12.3bn on a 9.8 per cent rise in sales to ¥145bn.

Green Cross, the plasma derivatives maker which was found importing unperfected blood products in 1988, saw pre-tax profits rise 4.8 per cent to ¥4.7bn on a 5.8 per cent increase in sales to ¥77bn. Net profits rose 69.5 per cent to ¥2.2bn.

The company's profits were squeezed the previous year due to sluggish demand for its blood preparations.

For the current year, Green Cross expects pre-tax profits to remain flat at ¥4.8bn on a 3.9 per cent rise in sales to ¥78bn.

IBM to cut top managers' pay

INTERNATIONAL Business Machines said the basic pay of Mr John Akers, chairman, and the four other members of its management committee were likely to be cut by at least 40 per cent due to the company's first annual loss ever, in 1991, Reuters reports.

The company said Mr Akers could see a decline in the \$2.6m in annual cash incentive, which was tied to business results.

2,500,000 Shares

PHC Providence Health Care, Inc.

Common Stock

Price \$5.25 Per Share

Commonwealth Associates

Baird, Patrick & Co., Inc. R. G. Dickinson & Co.
Drake Capital Securities, Inc. Emanuel and Company
First Hanover Securities, Inc. Keane Securities Co., Inc.
JW Charles Securities, Inc. Frederick & Company, Inc.
S. W. Ryan & Company Smith, Moore & Co.
Texas Capital Securities

February 1992

Deals at attractive prices whet investors' appetites

INTERNATIONAL BONDS

Consequently, Austria's 10-year deal, priced to yield 25 basis points above the comparable Treasury, appeared attractive, even against deals which have performed poorly, like Credit Local's 10-year issue.

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
US DOLLARS						
Republic of Austria(a)†	120	7 1/2	99.96	2002	32.5/15bp	Dawson Europe
Alisa No. 2(b)††	120	10	100	1997	1/3	Nomura Int.
STERLING						
Abbey Nat.Sterling Cap.(c)†	135	10 1/2	100.55	2002	2	BZW Secs.
ECUs						
Council of Europe(d)†	135	9 1/2	100 1/2	1994	15/10bp	Lehman Bros.
SWISS FRANCIS						
SLBx of New South Wales(a)††	75	6 1/4	101 1/4	1997	-	SBC
D-MARKS						
Deutsche Finance Neth.(b)(c)†	1bn	8 1/4	102	1996	1 1/4, 1/1	Deutsche Bank

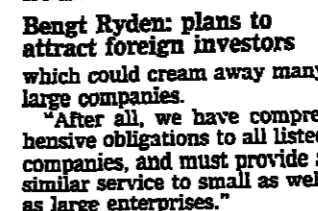
††Private placement. ‡Convertible. ‡(c) Subordinated warrants. ‡(c) Floating rate notes. ‡(f) Final terms. (a) Non-callable. (b) Coupon pays 110bp over 6-month London. ‡(b) Non-callable. (c) Subordinated liability. Non-callable. (d) Fungible with existing ECU365m deal.

Sao Paulo brokerages may be sued

said they had each settled two claims from local authorities, although the sizes of the set-

only the opportunity to take action for restitution, to recover sums paid out to authorities under the agreements. These payments are estimated to amount to only around 20 per cent of banks' total losses.

The second form of authorisation will cover what the Swedish government calls



Sweden's stock exchange legislation to international standards and particularly to the relevant European Community rules, though the Stockholm bourse questions whether this is the real reason for the reform.

"We strongly support free competition and we are happy to compete but we want to do so on a level playing field," explains Mr. Leif Vindervag, the head of research at the

are required to adapt Sweden's stock exchange legislation to international standards and particularly to the relevant European Community rules, though the Stockholm bourse questions whether this is the real reason for the

Mr Bengt Ryden, the bourgeois head, plans to visit London

ET STATISTICS

yesterday's decision makes it assets.

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EQUITY GROUPS		Monday February 24 1992										Fri Feb 21		Thu Feb 20		Wed Feb 19		Year ago (approx)	
& SUB-SECTIONS																			
Figures in parentheses show number of stocks per section		Index No.	Day's Change %	Est. Earnings (Yr.)	Est. Yield (Oct to Apr)	Gross Yield (Oct to Apr)	Est. P/E Ratio	Yd. Adj. 1992 to date	Index No.	Index No.	Index No.	Index No.							
1	CAPITAL GOODS (178)	778.29	+0.8	8.25	5.97	15.51	1.41	791.64	791.99	788.18	781.36	813.36							
2	Building Materials (23)	981.19	+0.9	7.12	6.33	18.92	0.44	972.08	973.91	971.97	971.73	1124.55							
3	Contracting, Construction (28)	886.07	+0.4	8.99	8.24	16.05	1.32	882.30	883.85	880.18	1274.03								
4	Electricals (7)	2458.77	+10.6	6.10	12.92	14.57	2457.26	2458.77	2447.19	2395.28									
5	Electronics (26)	1624.07	+0.6	9.46	12.63	5.78	1.98	1624.07	1624.07	1766.01	1775.23								
6	Engineering-Aerospace (6)	50.22	-0.2	12.46	7.31	7.78	1.38	50.22	50.22	50.22	50.22								
7	Engineering-General (43)	4793.62	+0.9	4.61	4.78	13.13	1.21	4892.27	488.16	486.16	408.34								
8	Metals and Metal Forming (10)	328.82	+0.4	2.11	10.52	-	-	327.58	328.78	323.94	446.32								
9	Metals (14)	319.52	+1.7	7.95	7.41	16.71	0.00	319.52	319.52	319.52	325.44								
10	Other (119)	1624.07	+0.6	9.46	12.63	5.78	1.98	1624.07	1624.07	1766.01	1775.23								
21	CONSUMER GROUP (188)	1680.69	+0.5	9.00	3.31	17.81	4.74	1672.42	1673.31	1668.25	1337.93								
22	Brewers and Distillers (23)	2124.70	+1.4	7.56	3.34	15.95	7.92	2098.84	2107.33	2101.21	1674.32								
23	Food Manufacturing (18)	1280.89	+0.4	8.43	3.97	14.65	2.11	1273.64	1275.89	1275.89	1131.41								
24	Food Products (18)	1280.89	+0.4	8.43	3.97	14.65	2.11	1273.64	1275.89	1275.89	1131.41								
27	Health and Household (24)	1420.14	+0.5	5.27	23.33	23.65	15.12	1401.40	1422.83	1441.83	2942.72								
29	Hotels and Leisure (23)	1279.99	+0.4	7.19	5.20	17.34	8.54	1290.30	1292.32	1306.25	1280.31								
30	Media (24)	1547.90	+0.3	6.31	3.53	19.92	2.97	1547.91	1533.59	1528.14	1324.27								
31	Printing, Paper & Printing (17)	751.04	+0.4	7.04	4.42	11.22	0.22	750.69	747.80	740.80	680.50								
34	Stores (2)	1062.63	+0.3	6.95	3.40	19.07	1.91	1059.15	1060.33	1060.33	1060.33								
35	Textiles (10)	636.80	-0.2	7.21	4.86	17.70	0.53	638.20	633.30	626.95	451.40								
40	OTHER GROUPS (116)	1231.60	+0.2	7.19	5.38	12.82	0.61	1224.95	1225.43	1226.44	1121.31								
41	Business Services (16)	1423.66	+0.4	7.14	4.87	17.80	0.67	1395.62	1408.45	1408.45	1068.75								
42	Chemicals (21)	1515.98	+1.2	6.68	5.34	13.74	0.59	1515.98	1517.99	1517.99	1391.21								
43	Conglomerates (11)	1326.42	+0.2	10.92	7.63	13.15	3.18	1302.58	1322.26	1313.73	1475.04								
44	Transport (14)	2413.34	+0.3	5.26	4.68	11.11	2.46	2407.16	2426.08	2397.07	2072.03								
45	Electricity (10)	1027.62	+0.7	6.17	6.46	17.16	1.15	1105.14	1206.17	1203.90	1122.62								
46	Telephone Networks (6)	1410.01	+0.2	11.13	11.73	-	-	1410.01	1416.02	1416.02	1391.21								
47	Water (10)	2400.65	+1.1	17.56	5.64	-	0.00	2402.39	2423.60	2423.60	2422.54								
48	Miscellaneous (24)	1847.99	+0.5	5.54	5.28	24.53	1.18	1839.56	1850.95	1850.95	1788.45								
49	INDUSTRIAL GROUP (482)	1315.36	+0.6	8.03	4.42	15.47	4.43	1307.92	1391.16	1305.86	1147.68								
51	Oil & Gas (18)	2021.08	+0.3	9.46	6.87	13.36	36.07	2015.89	2098.01	2098.01	2249.84								
52	Chemicals (300)	1882.73	+0.5	8.17	4.88	15.99	6.70	1379.39	1377.19	1372.64	1240.91								
61	FINANCIAL GROUP (87)	767.10	+0.1	-	6.40	-	-	768.97	771.64	771.64	782.03								
62	Banks (9)	767.10	+0.1	4.51	5.91	44.34	-	768.97	771.64	771.64	782.03								
63	Insurance (Life) (6)	1432.78	+1.2	-	5.96	-	0.00	1415.77	1415.30	1416.82	1446.93								
64	Insurance (Composites) (7)	483.01	+0.5	-	9.03	-	0.00	480.47	481.20	481.20	699.68								
65	Life Insurance (10)	841.62	+0.5	8.05	4.95	16.35	-	876.88	876.88	889.59	1097.66								
66	Merchant Banks (7)	478.85	+0.1	-	-	-	0.00	479.19	479.19	479.19	403.18								
67	Property (33)	753.35	+0.1	7.64	8.02	17.92	0.93	754.22	761.10	761.91	1037.43								
70	Other Financial (14)	245.91	+0.5	8.09	7.08	13.69	0.99	247.23	246.08	245.30	273.38								
71	Investment Trusts (68)	1177.73	+0.2	-	5.72	-	4.41	1175.00	1172.81	1172.81	1118.94								
99	ALL-SHARE INDEX (654)	1226.45	+0.6	-	-	-	5.72	1219.36	1220.01	1216.46	1126.16								
		Index No.	Day's Change %	Est. Earnings (Yr.)	Est. Yield (Oct to Apr)	Gross Yield (Oct to Apr)	Est. P/E Ratio	Yd. Adj. 1992 to date	Index No.	Index No.	Index No.	Index No.							
FT-SE 100 SHARE INDEX		2532.7	+0.4	2363.1	2531.5	2531.3	2531.3	2493.4	2536.7	2551.9	2541.0	2395.1							

PRICE INDICES	Mon Feb 24	Day's change %	Fri Feb 21	Accrued Interest	ad adj. 1992 to date		24	21	(approx.)
British Government						1	8.59	8.60	9.27
5 years						2	8.16	8.16	8.54
10 years						3	7.93	7.93	8.33
Corporate						4	7.16	7.16	7.69
3 (0%-7.4 %)						5	6.41	6.41	7.08
4 Medium						6	5.93	5.93	6.43
5 High						7	5.43	5.43	5.93
6 (8%-14.4 %)						8	4.20	4.20	4.87
7 High						9	3.64	3.64	4.08
8 Coupons						10	3.27	3.27	3.68
9 (15%-18.4 %)						11	2.32	2.32	2.88
10 Irredeemables						12	1.96	1.96	2.22
11						13	1.42	1.42	1.68
12						14	1.18	1.18	1.42
13						15	0.86	0.86	1.08
14						16	0.63	0.63	0.86
15						17	0.46	0.46	0.63
16						18	0.34	0.34	0.46
17						19	0.26	0.26	0.34
18						20	0.19	0.19	0.26
19						21	0.14	0.14	0.19
20						22	0.10	0.10	0.14
21						23	0.07	0.07	0.10
22						24	0.05	0.05	0.07
23						25	0.03	0.03	0.05
24						26	0.02	0.02	0.03
25						27	0.01	0.01	0.02
26						28	0.01	0.01	0.01
27						29	0.01	0.01	0.01
28						30	0.01	0.01	0.01
29						31	0.01	0.01	0.01
30						32	0.01	0.01	0.01
31						33	0.01	0.01	0.01
32						34	0.01	0.01	0.01
33						35	0.01	0.01	0.01
34						36	0.01	0.01	0.01
35						37	0.01	0.01	0.01
36						38	0.01	0.01	0.01
37						39	0.01	0.01	0.01
38						40	0.01	0.01	0.01
39						41	0.01	0.01	0.01
40						42	0.01	0.01	0.01
41						43	0.01	0.01	0.01
42						44	0.01	0.01	0.01
43						45	0.01	0.01	0.01
44						46	0.01	0.01	0.01
45						47	0.01	0.01	0.01
46						48	0.01	0.01	0.01
47						49	0.01	0.01	0.01
48						50	0.01	0.01	0.01
49						51	0.01	0.01	0.01
50						52	0.01	0.01	0.01
51						53	0.01	0.01	0.01
52						54	0.01	0.01	0.01
53						55	0.01	0.01	0.01
54						56	0.01	0.01	0.01
55						57	0.01	0.01	0.01
56						58	0.01	0.01	0.01
57						59	0.01	0.01	0.01
58									

	Rises	Falls	Same
British Funds	28	24	29
Other Fixed Interest	6	8	8
Commercial, Industrial Financial & Property	377	151	949
Oil & Gas	153	93	546
Plantations	21	14	57
Mines	0	0	0
Others	37	38	85
Totals	649	376	1,723

EQUITIES									
Issue Price	Art's up or down	Lastest Date	1991/92 High Low	Stock	Closing Price	40- day	Net Div.	Times Covered	P/E
F.P.		75	61	General Industries Inc.	61				
F.P.		39	29	Griffin Corp.	29				
F.P.		18	13	Flamingo Insurance Warrs	13		FD-6	8.8	
F.P.		10	8	South Gate Fd Warrs	8				
CLO, 100%		212	100	Larkin Am'l & Europ. LC	100				
F.P.		99	98	South Gate Fd's Pckg Uts	98			1.9	
F.P.		39	36	D. Davidson	36				
F.P.		62	57	D. Capital	57				
F.P.		104	102	Griffin Insurance Warrs	102		HP-2	11.9	
F.P.		104	102	Griffin Insurance Warrs	102				

Issue Price	Amount Paid for Shares	Liquidity Rating	1994/92 Return		Stock	Closing Price \$	+ or -
	F.P.	F.P.	High Low	High Low			
100¢	F.P.	F.P.	101½	101½	Bank of Ireland Units Non-Conv Pref A	101½	
100	F.P.	F.P.	101	101	Bentley Indus Inc Debts Dec 1994	101	
100	F.P.	F.P.	98½	98½	Bentley Indus Inc Debts Dec 1994	100	
\$4.71	F.P.	F.P.	39½	35½	Eastern Fin. Capital Sec Ltd	35½	-¼
100	F.P.	F.P.	100	100	Peddy City Corp. Vantage Equity Unit	106½	
100	F.P.	F.P.	100	100	Quintec Cdn. Crd. Sec. Series B Dec 1992	105	
110½	F.P.	F.P.	107½	43½	Inductech Int'l. Securitg Co Ltd	43½	-7
100	F.P.	F.P.	105½	99½	Mattwest Busn. Devt. Pk Series A	101½	+½
100	F.P.	F.P.	100	100	University of Guelph Cdn Debts Dec 1999	98½	

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● First Dealings	Feb. 17	Calls in Burton, Cannon Street
● Last Dealings	Feb. 26	Invs., B. Elliott, Flextech, Gestat-
● Last Declarations	May 28	ner, Greycoat, Lucas warrants, J.
● For settlement	June 8	Mowlem, NSM, Premier Cons.,
		Ratners and Satchell & Satchell.
		Put in Aviva Dist. Put and call, all in

[illegible]

(C59)	600	85	18	30	45%	25%	39%	H201	220	84	10	12	17	19%	Fane (F24)	220	14%	20%	23%	24%	4	9	10	21
C & Wite	600	25%	35%	50%	50%	50%	39%	(L250)	200	18%	25	36	54%	74%	EMH	280	28%	35%	50%	50%	8%	21	24	
(C60)	650	75	18	30	54%	63%	39%	(L250)	220	84	10	12	14%	17%	(F25)	280	28%	35%	50%	50%	8%	21	24	
Coastlines	650	75	18	30	54%	63%	39%	(L250)	220	84	10	12	14%	17%	(F25)	280	28%	35%	50%	50%	8%	21	24	
(C61)	650	75	18	30	54%	63%	39%	(L250)	220	84	10	12	14%	17%	(F25)	280	28%	35%	50%	50%	8%	21	24	
(C62)	650	75	18	30	54%	63%	39%	(L250)	220	84	10	12	14%	17%	(F25)	280	28%	35%	50%	50%	8%	21	24	
(C63)	650	75	18	30	54%	63%	39%	(L250)	220	84	10	12	14%	17%	(F25)	280	28%	35%	50%	50%	8%	21	24	
Coast Union	650	75	18	30	54%	63%	39%	(L250)	220	84	10	12	14%	17%	(F25)	280	28%	35%	50%	50%	8%	21	24	
(C64)	650	75	18	30	54%	63%	39%	(L250)	220	84	10	12	14%	17%	(F25)	280	28%	35%	50%	50%	8%	21	24	
(F65)	390	13%	25	40%	30%	45%	22	P. & R.	390	22	32	35	31%	35	45%	Wellcome	1100	43%	13%	127	29%	41	76%	
(F66)	390	13%	25	40%	30%	45%	22	P. & R.	390	22	32	35	31%	35	45%	(F100)	1100	43%	13%	127	29%	41	76%	
(F67)	390	13%	25	40%	30%	45%	22	P. & R.	390	22	32	35	31%	35	45%	(F100)	1100	43%	13%	127	29%	41	76%	
(F68)	390	13%	25	40%	30%	45%	22	P. & R.	390	22	32	35	31%	35	45%	(F100)	1100	43%	13%	127	29%	41	76%	
(F69)	390	13%	25	40%	30%	45%	22	P. & R.	390	22	32	35	31%	35	45%	(F100)	1100	43%	13%	127	29%	41	76%	
(F70)	390	13%	25	40%	30%	45%	22	P. & R.	390	22	32	35	31%	35	45%	(F100)	1100	43%	13%	127	29%	41	76%	
(F71)	390	13%	25	40%	30%	45%	22	P. & R.	390	22	32	35	31%	35	45%	(F100)	1100	43%	13%	127	29%	41	76%	
(F72)	390	13%	25	40%	30%	45%	22	P. & R.	390	22	32	35	31%	35	45%	(F100)	1100	43%	13%	127	29%	41	76%	
(F73)	390	13%	25	40%	30%	45%	22	P. & R.	390	22	32	35	31%	35	45%	(F100)	1100	43%	13%	127	29%	41	76%	
(F74)	390	13%	25	40%	30%	45%	22	P. & R.	390	22	32	35	31%	35	45%	(F100)	1100	43%	13%	127	29%	41	76%	
(F75)	390	13%	25	40%	30%	45%	22	P. & R.	390	22	32	35	31%	35	45%	(F100)	1100	43%	13%	127	29%	41	76%	
(F76)	390	13%	25	40%	30%	45%	22	P. & R.	390	22	32	35	31%	35	45%	(F100)	1100	43%	13%	127	29%	41	76%	
(F77)	390	13%	25	40%	30%	45%	22	P. & R.	390	22	32	35	31%	35	45%	(F100)	1100	43%	13%	127	29%	41	76%	
(F78)	390	13%	25	40%	30%	45%	2																	

[illegible]

Options	May	Aug	Nov	May	Aug	Nov
Brk Aero ("300")	280	37	47	54	143	19
	230	26	34	41	26	36
	300	33	38	-	-	40
BA	500	92	97	-	24	7
	550	32	60	75	114	181
	600	24	34	48	31	40

Options	May	Aug	Nov	May	Aug	Nov
Brk Aero ("300")	280	37	47	54	143	19
	230	26	34	41	26	36
	300	33	38	-	-	40
BA	500	92	97	-	24	7
	550	32	60	75	114	181
	600	24	34	48	31	40

Options	May	Aug	Nov	May	Aug	Nov
Brk Aero ("300")	280	37	47	54	143	19
	230	26	34	41	26	36
	300	33	38	-	-	40
BA	500	92	97	-	24	7
	550	32	60	75	114	181
	600	24	34	48	31	40

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UK COMPANY NEWS

European side limits fall at Low & Bonar to 4%

By Angus Foster

LOW & BONAR yesterday announced a slight fall in profits and a maintained dividend, as UK and North American operations were affected by recession.

The Dundee-based packaging and plastics company reported a 4 per cent fall in pre-tax profits to £24.3m for the year to November 30.

Turnover dipped to £307.7m (£310.9m). Mr Roland Jarvis, managing director, said that most divisions performed well in the second half. Cost-cutting, still underway, and investment in capacity should allow "reasonable" profits growth this year, he said.

Operations in continental Europe, started in 1985, lifted profits and margins. The Continent accounted for 32 per cent of total operating profits, up from 27.8 per cent

last time. European margins improved to 11.2 per cent (10.8 per cent) and both Germany and Belgium remained strong. Directors are recommending a final dividend of 6.4p for an unchanged total of 9.1p.

Earnings per share fell to 18.82p (19.71p), partly reflecting a higher tax charge.

In the UK, operating profits from packaging fell slightly to £7.5m (£7.9m), due to declines in the retail bag market. But specialist materials, which includes Ploz floor coverings, maintained operating profits at £3.7m.

The company is looking at three acquisitions on the Continent. Net borrowings have fallen to £13.2m (£14.3m) while gearing has dropped to 10.2 per cent.

The shares yesterday rose 8p to 259p.

COMMENT

These are respectable figures from Low & Bonar, which is coping with recession through cost-cutting and improved margins. The company's forecast of a 10 per cent increase in pre-tax profits this year assumes no increase in sales, which augurs well for when the economic upturn arrives in the US and the UK. But after rising nearly 30 per cent in the last 12 months, partly in sympathy with the rest of the sector, the shares are no longer cheap. James Capel, the stockbroker, has increased its forecast for this year to £26.5m pre-tax, putting the shares on a prospective multiple of 12.5. Given the company's history of false dawns, investors would be forgiven for waiting for another set of results before giving it the re-rating it believes it deserves.

Banks take 9.9% stake in Aitch restructure

By Richard Gourlay

AITCH HOLDINGS, the clothing manufacturer and importer, has agreed a financial restructuring with its bankers and new loans from the Industrial Development Board for Northern Ireland.

Reporting a £6.5m pre-tax loss in the year to November 30, Mr Michael Green, chief executive, said the group was "viable going forward" as a result of the restructuring and the repossession of the shirts business in Northern Ireland.

The restructuring leaves the new board and the group's bankers with nearly 17 per cent and 9.9 per cent respectively of the company.

Cahoots, a menswear importer, has been sold for £247,000 cash. Mr Harry Rogers, who reversed Aitch into a clothing business, has left the board and paid £681,000 for Naughty Clothing, which designs, sources and imports ladies clothes.

In the year to November 30 they incurred a loss after all charges of £1.5m. Aitch said that the sales would release the substantial working capital.

The group will concentrate on developing its shirt and ladies leisurewear businesses. Some £2.5m of the group's overdraft has been converted into a three-year loan and the IDB of Northern Ireland has put up £500,000 of new money.

The group made an £8.7m write-off of goodwill as part of a £10.16m extraordinary charge. As a result, the company will be seeking a reduction of capital.

Turnover for the year was £36.5m, of which £19.7m related to continuing activities generating a pre-tax loss of £4.08m. Total losses per share were 10.03p.

Fraud inquiry at Alan Paul

By Angus Foster

The Merseyside fraud squad is investigating Alan Paul, the hairdressing and beauty company, placed in receivership last December.

Papers are being evaluated by the Crown Prosecution Service, but police have refused to discuss details of the investigation. Questions were raised ahead of the receivership about Alan Paul's financing arrangements for its franchisees. Franchisees also claimed their accounts were mismanaged.

Alan Paul was a high profile company which claimed to be recession proof when it came to the US in 1989. It was hit by a failed rights issue, profits warnings and boardroom wars.

Unlicensed but determined to thrill

Thames TV is planning its new future. Raymond Snoddy reports

MORE THAN five months after the fateful fax that ended Thames Television's life within the ITV network the future of the company is beginning to take shape.

Mr Richard Dunn, chief executive of Thames, outbid by Carlton Communications in the competitive tenders for new franchises, estimates that the new Thames will employ 235 people. That compares with an historic high of 2,800 and a total of 1,400 at the end of last year.

The phased pattern of redundancies is continuing and by the time Thames hands over to Carlton Television at the end of this year what was the largest ITV company will have shrunk to having fewer than 500 staff.

One thousand two hundred men and women are losing their livelihoods on a poker play. Long-established and experienced teams are being broken up for ever, "was how Mr Dunn described the process last week at a Financial Times conference. It was the first time the Thames chief executive had spoken publicly since the day the franchise was lost.

As people leave and departments are closed, or reduced to a skeleton staff, Thames has also cut its output of regional programming to the minimum allowed and been given a substantial cut by the rest of ITV in this year's network expenditure.

For staff every day brings a new "salami" cut in services. Yesterday's memo was about a reduction in the department that deals with viewer correspondence.

The in-house music library has been closed and the newspaper cuttings department now only cuts the tabloid newspapers not the broadsheets.

Thames is also discussing a number of new programme ideas with the BBC and drawing up plans to exploit a 10,000 programme library.

It is also looking for 15 per cent stakes in a number of ITV companies or competing channels to help to build up secondary markets for its programmes. Under the 1990 Broadcasting Act 15 per cent investments are the maximum allowed to independents if they want to retain access to the 25 per cent quota set aside for independent production on UK television.

Only if the independent production route is blocked is Thames likely to dust down Plan B - using the Astra satellite system to launch a 24-hour a day channel as early as the end of this year.

Another possibility is taking part in a bid for the new Channel 5 and also broadcasting the channel on satellite. But Mr Dunn is still extremely cautious about Channel 5.

"I still find it difficult to decide whether it is an opportunity or a threat" is how he described it.

The Dunn blueprint envisages a UK production staff for Thames, including its Euston Films subsidiary, of only 40 by the middle of next year. A further 35 will work in international programme distribution.

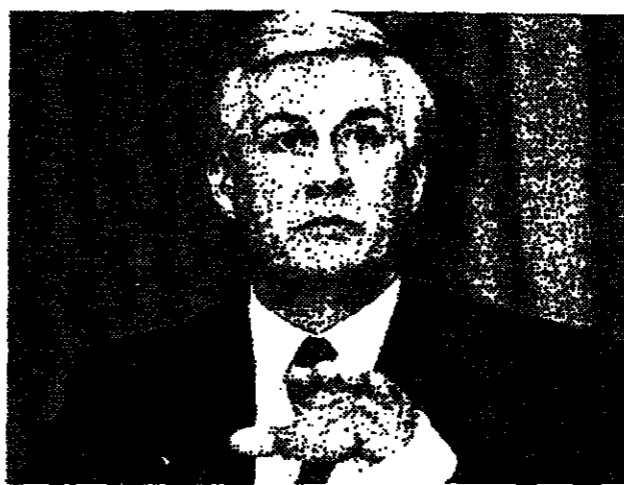
Together they will make up the core of the new business. Some 50 staff are expected to survive after 30 redundancies at Cosgrove Hall, the Thames cartoon production company now making a Noddy cartoon series for the BBC.

In the US there will be 50 jobs at Reeves Entertainment, the American acquisition. "With production based in London, New York and Hollywood we aim to be a natural highway for co-production finance, especially between the United States and Europe," Mr Dunn hoped. The Thames group management to look after investments in SES, the Astra satellite company, independent television News, Oracle, the teletext company and Children's Channel will number less than 20.

A further 40 will service Teddington Studios which will offer its facilities to both the independent production sector and the BBC.

"It will either market its services successfully enough to recover its costs or this aspect of our operations will close," warned Mr Dunn.

The same could probably said of all of Thames operations after 1993 in the harsh world of commercial television without a broadcasting licence.



Steady hand: Richard Dunn considers the options

Thames TV

Share price (pence)

400

350

300

250

200

150

Jan 1991

Feb 92

Source: Dataprem

Arms dealer beats Black to buy Israeli paper from Andersen

By Judy Maltz in Jerusalem

MR YAACOV Nimrodi, an Israeli arms dealer, has bought Maariv, Israel's second largest daily newspaper, from Arthur Andersen, administrator of the late Mr Robert Maxwell's assets in Israel.

Mr Nimrodi fought off competition from Mr Conrad Black, the Canadian press magnate who was the other serious contender for the paper.

Mr Black's holding group, whose holdings include the Daily Telegraph and the Australian Fairfax newspaper chain, already owns the Jerusalem Post, Israel's English-language daily.

The offer is being made

through Israel Land Development, in which Mr Nimrodi holds a majority stake. It has signed an agreement to buy 87 per cent of the Maariv Modin Publishing House for \$14.5m (£8.2m).

The offer is being made in tandem with Mr Shimon Cheifetz, Maariv's managing director, who already has 8 per cent of the company's shares. Aside from the newspaper, Maariv Modin's subsidiaries include a video company, a printing house, a woman's magazine and cable television.

Mr Nimrodi's son, Ofer, managing-director of Israel Land Development, said the newspa-

per's editorial board would continue to enjoy "absolute independence and freedom of the press".

Maariv Modin is understood to carry debt of about \$30m and is said to require a capital injection in addition to the buying price. A survey published this week by the Israel Advertisers Association showed that Maariv's circulation had declined in 1991.

Mr Maxwell was the first foreigner to buy an Israeli newspaper. His plans for Maariv to capture part of the market held by Yediot Aharonot, Israel's largest daily, were never fulfilled.

Rent dispute at Mirror HQ

A dispute has arisen over whether Mirror Group Newspapers has paid all the rent due on its Holborn headquarters, the High Court heard yesterday, writes Raymond Hughes.

Mr Jeffery Onions, counsel for the administrative receivers of Robert Maxwell Estates, co-lessee of the Mirror building and other properties leased to Maxwell Communication Corporation, said some but not all of the rent due had been paid after service earlier this month of a notice under the 1908 Law of Distress Amendment Act.

The next quarterly rent was due on March 24. If payment was not received RME would return to court to seek leave to start proceedings for possession of the Mirror building.

Management buy-out at magazine arm of MCC

By Raymond Snoddy

MAXWELL Consumer Publishing & Communications, the publisher of consumer magazines and titles produced under contract, has been bought by its management.

The buy-out is being backed by ECI, the venture capital group, with the Bank of Ireland providing senior debt and overdraft facilities.

MCC is part of Maxwell Communication Corporation, which is now in administration. The publishing business consists of 86 titles and has annual turnover of about £30m.

The new company, Headway Home & Law Publishing Group and trading as HPL Publishing, includes titles such as High Life, the in-flight maga-

zine published for British Airways, and The Job Newspaper, published for the Metropolitan Police.

The news-stand consumer magazines range from Wedding and Home and Practical Householders to The Gardener and Rock Power.

Mr Martin Makey of ECI will be chairman of HPL and Mr Terry Humphreys will be chief executive. Mr Humphreys said yesterday that by completing the buy-out the team had been able to protect creditors, clients, readers and staff. The staff numbers about 300.

Bids, including an MBO, are now being considered for Maxwell Business Communications.

Vickers Preliminary Results for 1991

1991 FINANCIAL SUMMARY

	1991	1990
Turnover	£652.2m	£778.1m
Profit before interest and exceptional items	£20.9m	£79.9m
Profit/(loss) before taxation	£(12.4)m	£96.5m
Earnings/(loss) per 50p Ordinary Share	(7.4)p	26.9p
Dividend per 50p Ordinary Share	6.0p	9.9p



The final dividend on Ordinary Shares, if approved, will be paid on 8 May 1992 to Shareholders on the Register at 9 April 1992. The full Report and Accounts will be posted to Shareholders on 23 March 1992 and the Annual General Meeting will be held at 12 noon on 23 April 1992 at Millbank Tower, Millbank, London SW1P 4QA.

▼ The pre-tax loss for the year of £12.4m includes exceptional costs of £34.4m arising primarily from the restructuring at Rolls-Royce Motor Cars, which also experienced considerable trading losses.

▼ The profit before interest and exceptional items of £20.9m compares with £79.9m in 1990.

▼ Gearing at the year end was 22%.

▼ Other businesses performed well in very difficult conditions. In aggregate, they produced similar profits to those achieved in 1990.

▼ Vickers Defence Systems won the British Government contract for the supply of Challenger 2 tanks and there are excellent prospects for overseas sales. The Defence Systems order book already stands at £800m.

▼ It is not yet clear when trading conditions will improve. In the long-term interests of the Company, the Directors recommend a reduction in the final net dividend to 2.3p (1990: 6.2p), making a total of 6.0p for the year (1990: 9.9p).

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

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UK COMPANY NEWS

The man from Del Monte, he say 'Float my fruit'

Roland Rudd talks to Leon Allen about his planned £450m flotation of the canned food company

DEL MONTE is about to be floated on the London Stock Exchange. The question is, which Del Monte? Five different companies use the brand name.

The one in question is Del Monte Foods International, which is preparing for a \$450m flotation.

Mr Leon Allen, chairman, says brand recognition is so high in Europe that whenever he goes through passport control customs officials cannot resist the quip: "So you're the man from Del Monte".

As it happens, he is. The four other Del Monte companies are not. But the retail investor, who will be asked to stump up for shares in Del Monte Foods, could be forgiven for being a little confused.

So first the history. In February 1989 RJR Nabisco, the US food and tobacco group which exclusively owned the Del Monte name, was bought by the US buy-out specialists, Kohlberg Kravis Roberts for \$2.5bn (£1.42bn).

KKR broke up Del Monte into two parts: fresh fruit and produce.

It sold the fresh fruit to Polly Peck International in September 1989 for \$875m.

And in January 1990 it sold Del Monte's produce business to a private US consortium led by Merrill Lynch for \$1.54bn. The US consortium named its

Del Monte business the Del Monte Corporation.

What followed can only be described as the proliferation of the Del Monte name. Since the Merrill Lynch-led consortium had mainly financed its acquisition through debt it was keen to diversify itself of much of its newly-acquired business.

The Del Monte Corporation immediately sold the rights to its name in the Far East to Kikkoman Corporation of Japan for \$110m.

In March 1990 DMC sold the Hawaiian Punch fruit drinks brand to Procter and Gamble for \$150m - but without giving the man from Del Monte another corporate face. Procter and Gamble was only interested in the Hawaiian Punch and did not want the Del Monte brand name to market the fruit drinks.

DMC's European juice and canned fruit business was next to go, as a management buy-out backed by Charterhouse, the UK merchant bank, for \$375m in May 1990.

It is this company which is about to be floated on the London Stock Exchange, and which has exclusive rights to the man from Del Monte dressed in his cream suit and Panama hat.

Mr Allen's Del Monte Foods International has expanded throughout Europe and developed a worldwide business



Leon Allen: the brand name is his most valuable asset

which operates in 35 countries.

A joint venture between DMFI, DMC and Kikkoman's Del Monte Far East gave life to one last Del Monte company called Del Monte's Philippines Inc (DMFI).

But the only confusion Mr Allen has been concerned about is between his company and Polly Peck International's Del Monte fresh fruit.

Last year DMFI took full

page adverts in national newspapers under the slogan: "The man from Del Monte he say 'Oi'". The message was that the man from Del Monte, producing "delicious canned fruit", was fed up with being confused with Polly Peck's fresh fruit business.

He could get angry again if the Polly Peck administrators realise their ambition of floating the fresh fruit businesses

in the US later this year.

Del Monte Corporation in the US was sufficiently irritated by what it saw as Polly Peck International's attempts to make the confusion worse that last year to sue PPI Del Monte Tropical Fruit Company for breach of contract, unfair competition and infringement of Del Monte's trademark rights.

Mr Allen has never threatened such drastic action.

But he has to contend with the possibility that a mistake by any of the companies using the Del Monte name could harm his brand in Europe - though he believes the threat of such contagion is small, given that the various Del Monte companies operate in different geographical markets. "I do not believe there is much of a danger that we will be affected by what Del Monte does in the US," he says.

But he nonetheless regards the Del Monte brand as his company's most valuable asset.

He led the buy-out for the reason that "properties like the Del Monte brand" do not become available very often.

He cites the results of the company's market research: when a sample of consumers in the UK, Belgium, the Netherlands and Switzerland were asked to list any food brand names they could think of, three quarters mentioned Del

Monte, a very high recognition rate. More than half of those polled in DMFI's other main European countries recognised its brand name.

The brand strength is sustained by unusually high expenditure on television advertising and marketing. Marketing costs were £9m in 1989, the year before the buy-out, and have risen to £24m this year.

As a result, DMFI is the number one or two leading canned fruit and beverage brand in 12 European countries. About 90 per cent of its goods are market leaders.

"We believe our track record speaks for itself. We have a story to tell that investors are going to understand."

The strategy appears to have paid dividends. While other big buy-outs of the last few years have struggled to hit their financial targets, DMFI's profits have risen rapidly. In the year to November 1991, its pre-tax profits rose 24 per cent to £36.5m.

The company is not making any forecast for the year ending November 1992. But it is likely to exceed 1991's profits, which is why Mr Allen is hopeful that while there might be more than one company with his brand name, retail and institutional investors will recognise that there is only one man from Del Monte.

£45.5m flotation for CSI's building side

By Roland Rudd

CANNON STREET Investments yesterday announced the £45.5m flotation of its Avonside building arm in a move which will halve its borrowings.

The mini-conglomerate, valued at less than £30m after its shares collapsed last year following a profits warning, will receive all of the flotation proceeds. The money is being raised half by the placing of shares, completed yesterday, and half from the offer for sale of shares to the public at 106p.

Mr Robin Binks, chief executive, said: "The sale will enable us to produce a better balance sheet. While we will still have gearing of about 100 per cent, it will be against a conservative and prudently stated balance sheet."

CSI last month had borrowings of £97m.

Although the group's shares rose 4p to close at 26p yesterday, commentators questioned the wisdom of selling a housebuilding company at a time when the property market was experiencing one of its worst downturns.

Mr Robert Donald, an analyst at County NatWest, said: "For any company to float a housebuilding business this side of the election must either be bearish about housing post-election or very keen for cash. This is not the best time to sell

this type of business."

Mr Christopher Glynn, non-executive chairman of Avonside, concurred that it was a bad time to sell a housebuilding business but a great time to buy. "If it was not for the blow-out we have had in the sector, we would not have to float at this price."

Avonside, which has been profitable over the past five years, operates in the north of England, North Wales and Scotland. Mr Glynn said that unit sales and house prices in these areas were expected to remain static, although he had glimpsed evidence of a slight upturn, particularly in North Wales.

Three quarters of Avonside's land was surveyed before the decision to float. In the light of the valuation Mr Glynn said that there would be no need for any write-down in the value of its land.

In 1991 Avonside's turnover increased to £51.3m (£45.7m) while profits before tax and exceptional were £8m (£7.9m). Only one third of the sales were related to housebuilding; the rest came from building services such as plumbing and heating.

The pro forma balance sheet for last year shows net assets of £21.4m and net cash.

NEWS DIGEST

\$41m sale in US by Dalgety

DALGETY, the food and agribusiness company, is to sell Modern Maid Food Products, its US food coatings business, to DCA Food Industries, a US subsidiary of Allied-Lyons, for \$41m (£24.4m) cash, writes Guy de Jonquieres.

Dalgety, which plans to use the proceeds to reduce borrowings, said it had decided to sell Modern Maid because its food ingredients strategy was to focus on Europe.

Modern Maid supplies batters, breadcrumbs and speciality coatings to food processors and sells prepared flour and baking mixes to fast food and catering outlets. It made a \$4.6m trading profit on sales of \$42m in the year to June and had net assets of \$11.7m.

Principal Hotels

Principal Hotels Group, the shares of which were suspended last Friday while the company's financial position was clarified, went into administrative receivership last night with borrowings of more than £100m.

Mr Edward Klempha, a partner in Coopers & Lybrand Deloitte's Leeds office, said: "The hotels are viable. We will continue to expand until they can be sold." A management buy-out, trade sale or even refloating are possible options.

The Harrogate-based group has 19 hotels in Britain, two each in Denmark and the Netherlands and one in France.

Tuskar Resources

At the same time as reporting a fall back into losses in the six months to September 30, Tuskar Resources, the Dublin-based oil exploration group, announced that it was experiencing a funding crisis.

Mr Neil O'Donoghue, chairman and chief executive, said that the company's advisers considered that the amount of money required could not be raised now.

The company has no other significant assets and no cash flow from other sources. Mr O'Donoghue said that there was a consequent possibility that Tuskar would not be able to carry out the work programme required by Ecopetrol, the Colombian state oil group.

First-half losses amounted to £1.01m (£934,000) pre-tax, against profits last time of £785,000. In the year to March 31 1991 pre-tax losses were reduced to £25.26m (£110m). Losses per share were 0.37p (earnings 0.44p).

Throgmorton Dual

The Throgmorton Dual Trust yesterday reported net asset value of £23.8p per capital share and 28.5p per income share at January 31.

The figures showed advances from the respective 584p and 27.4p at the same stage of the

previous year, but were down on the trust's year-end values of 632.7p and 30.4p.

Net revenue for the six months to end-January dipped to £692,000 (£644,000). Earnings per share were 3.01p (3.67p). An unchanged second interim dividend of 1.75p makes 3.5p so far this year, partly satisfied from reserves.

Hewitt

Hewitt Group, a manufacturer of industrial ceramics and refractories, lifted pre-tax profits nearly 7 per cent, from £585,000 to £625,000, in 1991.

Continued enhancement of profit margins, up from 9.3 to 9.9 per cent, was achieved against a backdrop of severe price cutting in all markets. Turnover fell to £7.41m (£8m).

Earnings per share were 11.4p (10.9p) and the dividend is again 2.5p, with a 1.5p final.

Gartmore Emerging

At December 31 Gartmore Emerging Pacific Investment Trust had net assets of £32.3m, against £28.4m a year before, a rise of almost 14 per cent.

A dividend of 0.13p (0.1p) is proposed along with a further 0.1p special.

Scottish Heritable

Scottish Heritable Trust, the mini-conglomerate, has signed a standstill agreement with its bankers, providing it with financial support until the end of this year.

The facilities available from the banks led by the Bank of Scotland, have been structured on a reducing basis.

Under the agreement the group has available £21.5m, reducing to £16.6m from May 31 and to £6m from November 30. It has also agreed a dollar facility of \$33.5m (£19.1m), reducing to \$23m on July 1 and to \$20m on October 1.

Mr Stuart Macdonald, finance director, said his goal was to reduce gearing, currently well over 200 per cent, to under 100 per cent by the year end.

Firstland Oil

Firstland Oil & Gas intends to diversify away from oil and gas exploration and production in North America and move into areas of distribution and specialist manufacturing.

There will be a placing of 7m shares at 10p to raise £700,000 gross which will eliminate indebtedness and an open offer of 2.5m shares at the same price to raise £250,000.

Capita

Capita Group, which provides management services to the public sector, continued its growth in 1991 with a 37 per cent increase in pre-tax profits.

The outcome of £2.45m (£2.51m) was generated from turnover ahead 33 per cent to £24.7m (£20.1m). Earnings per share worked through at 15.7p (13.7p). The final dividend is 3.6p on increased capital for a total of 5.4p (4.5p).

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Berkley Govett	13.5*		12	22	19
Capita	3.6†	May 11	3	6.4	4.5
Gartmore Emerging	0.13		0.1	0.23†	0.1
Hewitt	1.5	May 11	1.5	2.5	2.5
Low & Bonar	8.4	May 12	6.4	9.1	9.1
NFC	1.3*	Jul 7	1.2		6.25
Throgmorton Dual	1.75	Apr 19	1.75		8.75
Vickers	2.3	May 8	0.2	6	9.9

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by special of 0.1p. *US cents.

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Without in any way wanting to say we told you so, we do want to say that at Trade Indemnity we make it our business to know better than that. We look, research, listen and learn. Whatever the company or whoever the character, they're all equal to us.

This potentially dull tendency not to get excitable is probably what's made us the UK's leading credit insurer. Certainly it is an essential factor when we're exercising judgement on our customers' behalf.

For instance, at the start of last year we were insuring our

customers against non-payment by the Maxwell Communication Corporation for several million pounds. However, in the months prior to the Chairman's untimely end, in consultation with our customers, we reduced their insured exposure to less than £1m.

Yet, at the same time we considered it right to take a supportive stance on Mirror Group Newspapers and have maintained a substantial level of insurance cover.

Such situations are a matter of balance. Trade Indemnity's role is to support the unsecured trade creditor by getting this balance right. Our aim is to ensure that our customers are able to continue trading, safe in the know-

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intelligence network feeding up-to-the-minute information into a database covering one million UK companies alone.

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TECHNOLOGY

Leslie Crawford reports on a European project to build the world's most powerful telescope

Great eye sets sights sky high

Before the year 2000 the clearest view of distant galaxies in the universe will come from a European super-telescope in Chile's Atacama desert.

Eight countries - Germany, France, the Netherlands, Belgium, Sweden, Denmark, Italy and Switzerland - are working together at the European Southern Observatory (ESO) to try to surpass the achievements of the US Hubble Space Telescope. And they hope to do this for a fraction of Hubble's \$2bn (£1bn) cost.

ESO's showcase is the Very Large Telescope (VLT) project. By 1999 four large telescopes will work in unison to capture the equivalent light of a single 16-metre instrument. The VLT will be the world's most powerful telescope, nearly three times larger than any operating today. This great eye is expected to cost DM450m (£156m).

The VLT's progress is creating as much excitement among astronomers as the launch of the Hubble nearly two years ago. The Hubble space telescope, orbiting 300 miles above the Earth's atmosphere, was expected to reveal uncharted expanses of the universe by "seeing" seven times deeper into space than observatories on Earth.

However, Hubble's mission has been partially crippled by microscopic scratches on the surface of its 2.4-metre mirror. The images being relayed back to Earth have failed to live up to their revolutionary promise.

Hubble's misfortunes have rekindled interest in a new generation of Earth-bound telescopes and sharpened the rivalry between US and European astronomers.

The Association of Universities for Research in Astronomy has obtained US government backing for an eight-metre telescope in Hawaii. Two more 10-metre telescopes in Hawaii are being financed by the private Keck Foundation.

The VLT, however, remains in a class of its own. It will allow astronomers to explore three quarters of the universe and study galaxies perhaps as far as 14bn light years away.

The VLT will also be powerful enough to penetrate the innermost regions of active galaxies, which may harbour black holes at their centres. As a result, astrophysicists will learn more about the chemical composition of stars and interstellar clouds.

After gathering meteorological data for six years, ESO

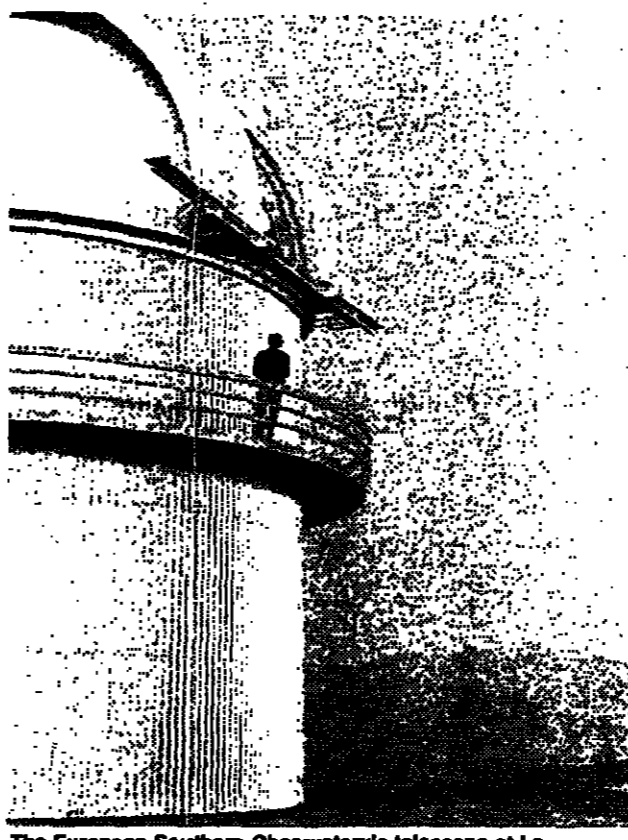
decided that Cerro Paranal, 800km north of its existing 14-telescope observatory in La Silla, was probably the best site in the world for astronomical work. Cerro Paranal boasts perfect photometric nights for 60 per cent of the year and a very still atmosphere. Astronomers are looking forward to unexpected discoveries. "The universe has far more imagination than we have," says Christoffel Waelkens, a visiting Belgian astronomer.

The greatest technological challenge for scientists working on the VLT project will be to cast four identical single-blank mirrors, each 8.2 metres in diameter. Until recently this was thought to be impossible, because very large mirrors buckle under their own weight. But Schott Glaswerke in Germany has already cast the first 8.2-metre mirror by pouring molten glass ceramic into a rotating concave mould. The spinning action produced a much thinner and lighter mir-

ror of greater width - clearing a technological barrier that had limited astronomy for half a century.

It is not the VLT's size that is the envy of US astronomers, but its revolutionary image-focusing capability, called "adaptive optics". In this state-of-the-art technology, 200 electronic arms gently push and pull the telescope's mirror to eliminate the "twinkling" of stars caused by a turbulent atmosphere. By bringing the fuzzy images into focus, the picture quality is almost as sharp as if taken from space.

The first telescope to use "adaptive optics" was inaugurated at La Silla in 1989. It is now capturing images that are several times sharper than those obtained by telescopes of conventional design. "From an optical point of view, we have built the best telescope in the world today," says Daniel Hofstad, La Silla's technical manager. Hofstad, however, does not



The European Southern Observatory's telescope at La Silla uses "adaptive optics" to capture sharp images. The VLT project or adaptive optics replacing the need for telescopes in space. Terrestrial observatories, he explains, cannot detect faint stars that emit

Hidden costs in the superstore

By Alan Cane

Will the computing superstore concept catch on in the UK as it has in the US? Many have their doubts but certainly the UK's first superstore, PC World in Croydon, South London, seems set to spawn a host of imitators selling everything from mice to monitors, processors to packaged software.

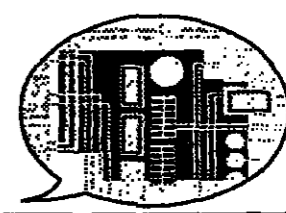
In the US, superstores are already big, if not necessarily profitable, businesses. CompUSA claims to be the leading operator of large computer superstores there. It opened its first superstore in Dallas in 1986 after some years of selling to corporate and retail customers through more conventional methods. Now it operates some 20 superstores across the country. Last year the value of goods sold in its stores ranged from \$22m (£12.50m) to \$80m.

Superstores represent exactly the opposite of everything the computer industry has tried to impress on its customers over the years. Computers are supposed to represent the ultimate in high technology yet the superstores pile 'em high and sell 'em cheap like refrigerators and washing machines.

Service and support is the lifeblood of most computing operations, but at the kind of profit margins superstores are prepared to consider, service has to be, at the most, perfunctory. If you know what you want you will get it; if not, help may be difficult to come by.

There is an inescapable logic behind the success of the superstores. The price of personal computers has been tumbling in inverse relation to the amount of innovation in the product. Little differentiates one IBM personal computer from another these days. The microprocessor chip is the same. The operating system is the same. Much of the accessory circuitry is the same.

It seems that personal computer manufacturers have become part of the distribution system for Intel microprocessors, Microsoft operating systems and Japanese memories. The superstores are simply the volume end of the distribution process, prepared to survive on minute margins. CompUSA, for example, says



TECHNICALLY SPEAKING

it offers more than 5,000 items in its stores at prices up to 80 per cent below manufacturer's retail prices.

But its results bear out the delicacy of its balancing act. In 1989 it made \$1.2m pretax profits on sales of \$137m; in 1990, pretax profits were \$1.5m on sales of \$300m. Last year, it lost \$9.7m on sales of \$543m.

In its profitable years, its operating income was between 1 and 2 per cent of sales. It is therefore no surprise that its catalogue lists a galaxy of cut-price goodies. An Epson 386SX Plus computer for example for \$1,099 or a Dell System 320SX for \$1,800.

But visitors from the UK looking for bargains were struck recently by how little real difference there was in the price of systems in the superstores and in the UK. US superstore prices look cheap, but there are often catches.

A computer which looks a good buy comes without a monitor. Adding a monitor not only pushes up the price but raises the risk that the power supply for the screen will be incompatible with voltages in the UK.

Issues such as compatibility of power supplies have long been a factor behind the apparent lack of harmony between computer prices in the US and UK. UK prices have often come out twice as high as those in the US. The evidence of the superstores suggests that at the lower end, at least, the gap is narrowing if not already closed. The question remains open whether UK dealers can offer US prices and survive on US profit margins. Customers might be happier paying higher prices for guaranteed service and a financially secure supplier.

Robots pick up the call

Peggy Hollinger speaks to a computerised telephone operator

speech interactive systems is gaining ground in the UK as companies lose their inhibitions about talking to computers and as the direct marketing industry matures.

Until recently, most computer voice systems had been the preserve of business-to-business transactions, says Jeff Williams of Datapoint, which designs telemarketing software. However, the success of the 24-hour telephone bank, First Direct - although not a speech interactive system - has shown that the consumer-to-computer market is waiting to be tapped.

The biggest challenge to telemarketing in recent years has been volume. With 90 per cent of the response to a televi-

sion advertisement, for example, coming in within 15 minutes of the broadcast, it is almost impossible to staff a switchboard at a viable cost. So the answer has been to advertise at unsocial hours - when most of your potential audience will be asleep.

Yet computer-operated marketing can solve that problem. Everything from financial forecasting to booking holidays could be organised by computer, say telemarketing enthusiasts.

In Colorgraphic's case, the computer is used to devise packages for clients, including a car insurance quotation system and charity fundraising. Winks says his software is at least 12 months ahead of any-

thing used in the UK. He claims it is even more advanced than anything used in the US, as most systems there are based on the touch-tone phone rather than the speech interactive method.

What makes the Colorgraphic system unique is its ability to recognise almost any accent, ask questions, interpret the answers, provide a customer profile within seconds, and even make an appointment to call back if the lines are too busy.

Colorgraphic, which handles the calls for client telephone campaigns, can also gain access to several outside databases at the same time. "That's where Colorgraphic has really scored," says Wil-

liams. "It has written a sophisticated software package."

For example, one of Colorgraphic's clients is a leading UK insurer. Within minutes callers can receive a quote for car insurance by ringing the Colorgraphic computers which dip into the insurer's own database for the criteria to compile the quote. The program is due to be launched in the spring. The cost for such an exercise can be as low as £2.15, compared with £6 using a live operator.

Other services include house insurance quotes, motor advertising campaigns where a caller can be referred to the nearest dealer, and stock ordering for retailers where the computer checks credit worthi-

ness, alerts the warehouse and issues a delivery note.

If the system is unsure of what it has heard, it is able to flag the call for a human "verifier" who replays the tape and types in the correct words. At any stage the system can divert to a live operator if it, or the caller, chooses.

Developing the system cost £1m. To leap the accent hurdle, charities around the country were offered £1 per phone call to gather a sample of 500 different accents for each letter of the alphabet and the numbers zero to nine. Now Colorgraphic hopes to draw in advertisers and is working on custom-made software to meet their needs. For advertisers, the benefits of any such system are in the immediate response: "We are looking to turn the operation round from the TV campaign to the letter in the post, in a two-hour window," says Colin Bond, Colorgraphic's business development director.

FT LAW REPORTS

Bank must pay compound interest

THE GOLDEN MED Queen's Bench Division (Commercial Court): Mr Justice Hirst: February 18 1992

INTEREST DUE to the owners of money retained by a bank in breach of its fiduciary duty as constructive trustee after the condition on which it was deposited has failed, is compounded with yearly rests, in that in the commercial circumstances the bank is presumed to have made the most beneficial use of the money in its investment business, to earn compound, not simple, interest.

Mr Justice Hirst so held when giving judgment for the plaintiffs, Guardian Ocean Carages Ltd and others, on a claim for compound interest in an action for the return of monies deposited conditionally with the defendant bank, Banco do Brasil, in negotiations to refinance the building of Golden Med.

HIS LORDSHIP said that in the action he gave judgment for \$800,000 in the plaintiffs' favour on February 14 1991, and adjourned questions relating to interest.

The \$800,000 comprised three payments of \$200,000 made by the plaintiffs to the bank as an earnest of their sincerity in a proposed refinancing deal for a shipbuilder's contract.

Originally the contract was between a Brazilian shipbuilding yard and a Danish ship-owning group for construction of Golden Med.

The transaction had been financed by the bank. The Danish company ran into financial difficulties. The plaintiffs, members of a Greek shipping group, were anxious to take over the contract.

The court found that the \$800,000 was deposited by the plaintiffs with the bank conditionally, as a token of genuine intent for future use in the intended acquisition of the vessel, and was to be applied for that purpose only if the refinancing negotiations were successful.

In other words, the remittances were conditional on conclusion of a refinancing deal.

The money was held intact by the bank in an account with a New York bank from 1981 to 1986, and beyond.

Due to recent radical re-organisation following a change of government in Brazil, the bank had been unable to ascertain, despite strenuous efforts, what rate of interest had accrued to it from that deposit.

In January 1987, the plaintiffs issued the present proceedings, claiming return of the \$800,000 on the footing that consideration for the payment had wholly failed, or alternatively on the basis of a constructive trust in their favour.

The bank's case was that the payments were voluntary and unconditional, and were therefore irrecoverable.

The court had ruled on both issues in the plaintiffs' favour.

It was common ground that the plaintiffs were entitled to statutory interest under section 35A of the Supreme Court Act 1981, which empowered the court to include simple interest in the judgment sum at such rate as it thought fit, on all or part of the debt or damages in respect of which judgment was given, for all or part of the period between the date when the cause of action arose and date of judgment.

The plaintiffs also sought an award of compound interest under the court's equitable jurisdiction, having regard to the bank's breach of fiduciary duty, from November 1986 to date of judgment.

It was common ground that the court had jurisdiction in an appropriate case to award compound interest in the exercise of its equitable jurisdiction.

Miss Gloster for the bank submitted that the power should only be exercised in exceptional circumstances, such as where the defendant had misapplied trust money to his own profit. She said the normal basis was simple interest.

Mr Pickering for the plaintiffs submitted that there was no such limitation, and that the proper basis of the award depended on the commercial circumstances which, in the case of a bank defendant, normally warranted compound interest.

In *Wallersteiner v Moir* (No 2) [1975] QB 373, 385, in which Mr Wallersteiner was guilty of serious misfeasance in breach of fiduciary duty, Lord Denning MR said that in equity interest was "never awarded by way of punishment". He said it was awarded where money was misused by anyone in a fiduciary position who had

misapplied the money and made use of it for his own benefit.

As to whether it should be simple or compound interest, he said on general principles it should be presumed that the company that it not been deprived of the money would have made the most beneficial use open to it.

Alternatively, he said, "it should be presumed that the wrongdoer made the most beneficial use of it. But whichever it is, in order to give adequate compensation, the money should be repaid at interest with yearly rests, that is, compound interest".

In *O'Sullivan v Management Agency* [1985] QB 428, 461, a manager was in breach of fiduciary duty towards an entertainer under his management. Lord Justice Dunn distinguished *Wallersteiner* as concerning a financier who used the money he obtained in his operations.

He said "in those circumstances it was presumed that the money was worth to him the equivalent of commercial interest at commercial rates with yearly rests. In the present case, accepting that the money was used by the defendants for their business purposes, part of it must have been used for the benefit of O'Sullivan himself".

He awarded simple interest. Miss Gloster's submission that compound interest was only to be awarded in exceptional cases where the defendant was guilty of serious misconduct, was not accepted.

The authorities made it clear that the award of compound interest was in no way punitive, but was related to the commercial circumstances.

Thus compound interest would be inappropriate in the case of a solicitor trustee who was not engaged in an investment business (see *Burdick v Garrick* [1889-1900] Ch App 222).

Conversely, where a trustee was engaged in investment, as in *Wallersteiner*, it was to be presumed that he would invest the money in his trade or business using it in effect as part of his working capital.

Miss Gloster strongly relied on *O'Sullivan*, and submitted that the court should adopt the same approach and award only simple interest.

The present case was comparable with *Wallersteiner*, apart from the irrelevant distinction that here there was nothing seriously culpable in the bank's conduct.

The bank, like Mr Wallersteiner, was essentially engaged in investment business, and must be presumed to have used its money for normal banking purposes as part of its working capital, and thus to have been in a position to earn compound interest.

It followed that compound interest was the appropriate basis for the award. The evidence was that in New York, where the bank held the \$800,000, it would have been able to earn the New York prime rate plus 1 per cent.

That was accepted. It would not be appropriate to award the lower New York Certificate of Deposit rate.

The evidence also was that in New York the rests for compounding interest would be three-monthly.

The court preferred, in the exercise of its discretion, to adhere strictly to the *Wallersteiner* formula, and award yearly rests, which in the circumstances it considered fair.

Compound interest was ordered at 1 per cent over the New York prime rate applicable from time to time with yearly rests for the period November 1986 to date of judgment.

If those conclusions were wrong, on the statutory basis the appropriate award would be simple interest at three months New York Certificate of Deposit rate applicable from time to time.

The area of dispute was the date at which the cause of action arose.

Mr Pickering submitted it arose on payment in 1981. Miss Gloster submitted it arose when the refinancing negotiations broke down and the plaintiffs requested repayment.

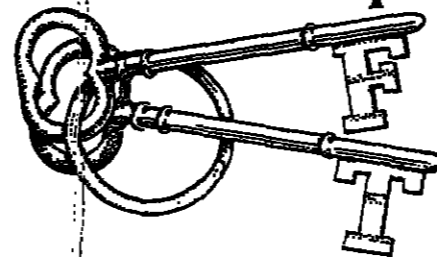
To award statutory interest running from any earlier date than November 1986 would not have been just, seeing that throughout that period the bank was holding the money entirely in accordance with the condition on which it had been deposited.

For the bank: Elizabeth Gloster QC and George Leggatt (Clifford Chance).

For the plaintiffs: Murray Pickering QC and Elizabeth Birch (Simpson Ashley-Claydon & Co).

Rachel Davies Barrister

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COMMODITIES AND AGRICULTURE

South American problems lift copper and zinc prices

By Leslie Crawford in Santiago and Kenneth Gooding in London

COPPER AND Zinc prices rose strongly on the London Metal Exchange yesterday following news of wildcat strikes in Chile and supply problems in Peru.

Analysts thought prices of both metals were likely to continue rising in the next few days. Copper for delivery in three months, which yesterday reached \$2,237 a tonne, its highest level for two and a half months, could jump by another \$100 a tonne, driven up by technical factors, they said.

In Chile the world's biggest underground copper mine, El Teniente, owned by the Chilean Copper Corporation, was hit by a protest against the weekend sacking of 150 miners. About 2,000 of El Teniente's 9,500 employees downed tools for an hour to demand the their colleagues' reinstatement. The stoppage affected production at the mine, the crushing and concentrating plant, and at the Calientes smelter.

Union leaders were due to

meet today to consider further action. The protests were sparked by Codelco's attempts to impose a voluntary redundancy scheme to reduce over-manning. The state-owned company says it wants to shed 800 workers at El Teniente by mid-year.

Spanish Mr Jose Donoso, a union leader at the mine, said Codelco was victimising miners who had been ill in the past. "Workers are being forced to take the redundancy package. The scheme is not voluntary at all," he said.

El Teniente's refined copper output in 1991 totalled 278,765 tonnes, about 55 per cent of Codelco's total. The mine was also hit by pay strikes last year. Production has declined in recent years because of the exhaustion of reserves and rock bursts that have closed down important sections of the underground tunnels.

Meanwhile, Peru's biggest zinc refinery, Minero Peru's Cajamarquilla, declared force majeure on metal shipments. It said output was being cut by power rationing. Cajamarquilla raised production last year to 83,000 tonnes of zinc from 80,964 tonnes in 1990 when Minero Peru suffered a two-month strike and frequent electricity cuts. Power supply problems are caused mainly by attacks on electricity pylons by the Shining Path, an extreme left-wing guerrilla group.

On the LME zinc for immediate delivery closed last night at \$1,130 a tonne, up \$11.50, while three-month metal was \$1,139.50 a tonne, up \$12. Copper ended \$16.25 up at \$1,277.50 a tonne for spot metal while three-month metal was \$13.50 ahead at \$1,293.75 a tonne.

Analysts suggested that copper's reaction to potential supply problems was reasonable in that stocks were low and falling on both the LME and the New York Commodity Exchange. However, zinc stocks were likely to go on rising.

The drop in fish stocks is partly blamed on a jump in the east coast seal population since environmental protests led to a halt in the seal hunt by large offshore vessels in 1987. Measures to curtail the rise in the seal population have up to now been discouraged by fears that protests would be directed against markets for Canadian fish. But Mr Crosbie said yesterday that the fishing industry is unanimous in its advice that "notwithstanding the concern with respect to markets, measures should now be taken to start bringing the seal population under control". The government plans to consult the fishing and sealing industry to determine the best ways of doing this.

Canada announces fishing cuts

By Bernard Simon in Toronto

CANADA IS imposing a partial ban on foreign fishing inside its 200-mile zone and may restart its controversial offshore seal hunt as part of a package of measures aimed at reviving the north-west Atlantic cod fishery.

Mr John Crosbie, fisheries minister, yesterday announced a 35 per cent cut in the 1992 northern cod quota to 120,000 tonnes, including a 50 per cent reduction in the first half of this year to 35,000 tonnes. He said the cutback would have the effect of bringing to an immediate end the winter fishing season for foreign trawlers. He also announced a ban on cod harvesting by foreign trawlers during future peak spawning periods.

A diplomatic and scientific mission will meet European Commission officials in Brussels this week to express concern at the continued heavy fishing by Portuguese and Spanish trawlers outside the 200-mile limit.

The measures, which are expected to lead to further fish-plant closures in Newfoundland and other Atlantic provinces, follow a sudden drop in fish stocks in the north-west Atlantic. A Canadian scientific advisory council recently slashed its estimate of the northern cod stock from 1.1m tonnes to 780,000 tonnes. Stocks of more mature fish — an indicator of spawning potential — have plummeted by more than half.

The drop in fish stocks is partly blamed on a jump in the east coast seal population since environmental protests led to a halt in the seal hunt by large offshore vessels in 1987. Measures to curtail the rise in the seal population have up to now been discouraged by fears that protests would be directed against markets for Canadian fish. But Mr Crosbie said yesterday that the fishing industry is unanimous in its advice that "notwithstanding the concern with respect to markets, measures should now be taken to start bringing the seal population under control". The government plans to consult the fishing and sealing industry to determine the best ways of doing this.

Cocoa pact talks to start in April

By David Blackwell

WORLD COCOA markets were unimpressed yesterday by the decision of the International Cocoa Organisation to go ahead with negotiations in Geneva in April for a new agreement, complete with economic clauses.

The ICCO Council announced late on Friday that it would ask the United Nations Conference on Trade and Development to convene a meeting from April 21 to May 1. However, after a week of talks the ICCO was unable to agree on the exact form of economic measures a new agreement would employ to support

the market, which has declined to historic lows in real terms since its buffer stock scheme was frozen in February 1988.

Most of last week the producers were hanging on to the idea of using export quotas; consumers were adamant that only a withholding scheme should be considered. The compromise wording of the ICCO statement said that the new agreement "should be built upon production policy and supply management".

A scheme for withholding 120,000 tonnes of cocoa was included in the 1986 cocoa agreement on which any new

agreement will be based. However, several moves to implement the withholding scheme since the ICCO buffer stock reached the maximum permitted 250,000 tonnes came to naught.

Potential stumbling blocks for a new agreement include the debt of \$145m still owed to the buffer stock by producers, and the fact that the US, the biggest cocoa consumer, does not belong to the organisation.

Yesterday London's May cocoa contract touched a six-month low of \$584 a tonne in early trading before closing at \$591, down \$1 on the day.

EC beef exports surge but stocks still grow

By Frances Williams in Geneva

THE EUROPEAN Community overtook Australia as the world's largest beef exporter last year, as overseas deliveries surged by nearly a half. But in spite of the sharp rise in exports, EC beef intervention stocks ended the year at record levels, according to estimates by the General Agreement on Tariffs and Trade.

In its latest annual report on international meat markets, GATT says that only a sharp increase in import demand by the former Soviet Union averted a big drop in beef prices last year. As it was, prices were sluggish as global output continued to exceed consumption, a situation exacerbated by large supplies of poultry, pork and lamb at increasingly competitive prices.

To achieve a sustained firming of beef prices major suppliers will need to align output to relatively slow growth or even declines in consumption in the medium term, the report says. Otherwise world beef markets may be faced with another oversupply crisis in the next

Selected Countries' Beef Exports ('000 tonnes)	1991(e)		
	1990	1991(e)	1990
Argentina	380	360	451.1
Australia	1,010	1,000	1,181.1
Brazil	400	350	220
Canada	110	104	108.1
EC	1,000	1,160	782
New Zealand	425	435	417.5
US	595	522	456
Uruguay	119	126	192
Others	282.4	322.4	339
Total	4,291.4	4,359.4	4,157.8

Source: GATT Secretariat. (e) Forecast (a) estimated

few years.

The 27 signatories (including the EC) to GATT's Arrangement on Bovine Meat, a voluntary code to promote trade, account for about 90 per cent of world beef exports and close to 60 per cent of global beef production and consumption.

Their exports of beef increased by nearly 5 per cent in 1991 to an estimated 4,359,000 tonnes, carcass weight equivalent. EC beef exports jumped by 45 per cent to 1,160,000 tonnes, while Australian shipments,

reflecting lower sales to Japan, fell 15 per cent to 1m tonnes. Brazil and the US also increased beef exports by 44 per cent and 15 per cent respectively.

The EC's export surge resulted mainly from a 100,000-tonne sale to Brazil and the sending of an estimated 250,000 tonnes to the Commonwealth of Independent States. In November 1991, the EC concluded a beef-for-oil barter deal with the CIS involving 100,000 tonnes of French beef, to be

delivered in 1992.

Soviet beef purchases, accounting for more than 10 per cent of the world beef trade last year, helped the EC to avoid a surplus crisis. Even so, intervention stocks had reached an estimated record 903,000 tonnes.

Another saving factor noted by GATT was the virtual disappearance last year of most central and eastern European countries from the beef export scene. Their beef production has fallen sharply because of the collapse of exports to the former Soviet market as well as domestic economic and political upheaval.

Global beef imports rose by about 3.5 per cent in 1991, the report says, despite lower purchases by Japan and the US. Washington imposed "voluntary" export restraint agreements on Australia and New Zealand in November 1991 after a surge of beef imports earlier in the year.

In 1992 GATT expects world beef exports to shrink by perhaps 1.5 per cent, as slow eco-

nomic growth continues to dampen demand in industrialised countries. It also sees further reductions in meat output, consumption and trade in eastern Europe over the next two to three years, while the situation in the CIS "is, at this stage, unpredictable". Despite higher demand in the Middle East and some North African and Asian markets, "it is doubtful whether other developing countries will be in a position to import increased quantities of beef", the report says.

World beef output is expected to decline this year by 0.7 per cent after a 2.5 per cent rise in 1991. In the longer term GATT notes a trend to slower growth of cattle herds in an increasing number of countries due to genetic developments and improved cattle feeding and finishing techniques. These are likely to result in shorter cattle herd cycles in coming years, the report says.

International Markets for Meat 1991-92. SFR25, from the GATT Secretariat, 154 rue de Lausanne, CH-1211 Geneva 21.

A pleasant surprise for NZ wool growers

Terry Hall on an upturn in sales and prices that has lifted the gloom in the industry

THERE HAS been a sharp and unexpected turnaround in the fortunes of New Zealand's wool farmers. Wool fetched the highest prices at auction for 18 months last week, thanks to a shortfall in supply, a rise in overseas demand and a sharply lower Kiwi dollar.

The market indicator was 494 cents (153p) — 25 per cent up from early last month. Each sale has seen a sharp rise, and this is beginning to worry exporters who feel the trend, if it continues, will frighten off buyers. At recent sales buyers from all main markets, Western Europe, the Middle East, Asia and the Far East, were active and the market was supported by locally-based exporters who have entered into contracts some time ago and now had to fulfil them.

The indicator was set at 391 cents on December 5 and rose to 428 on January 23, 450 cents on February 5 and 462 cents on February 15 and 494 cents on February 20. That was the highest price since August 1990, when farmers received price support payments from the wool board. Last week's sale was the first occasion since then that farmers had received more than the \$4.55 a kilogram that the board guaranteed.

The sustained rise in prices has taken the industry by surprise. In November it was widely predicted by industry analysts that the indicator would slip back to 370 when

the bulk of the crossbred clip came on the market.

By historic standards, however, wool is still inexpensive, especially in overseas currency terms, given the 15 per cent devaluation of the New Zealand dollar over the past 18 months and the much higher prices of the mid-1980s. The Wool Board analysts say that the recent rise may still not be sufficient to halt the drift of

In historic terms New Zealand wool is still inexpensive

farmers out of sheep and into beef production, where returns are better. Even with the latest rise, average sheep farm will still only earn an average NZ\$24,000, out of which they have to pay tax, make debt repayments and provide for operational drawings.

But the industry is encouraged that international customers are paying as much as they are for the clip, which is being bolstered by the sale this season of 150,000 bales from the wool board stockpile. So far this season the board has sold 82,000 bales, leaving its holdings at 476,000 bales, which it intends to dispose of over the next three years.

The forced sale follows the board's decision last January no longer to attempt to support the market, and to make an orderly withdrawal. This means that international buyers must be found for all the

wool New Zealand can produce this season, plus a share of the stockpile. Pessimists believed this would pose severe difficulties, especially when the bulk of the crossbred wool, which makes up about 70 per cent of all New Zealand production, became available from November. The industry is heartened by the strong demand, with export sales up 31 per cent in the first half of the season, although on an annual basis the increase is 17 per cent.

Several unexpected factors boosted demand. One was a substantial drop in the value of the New Zealand dollar, which has fallen 4 per cent against a trade weighted basket of currencies from early December. On top of a 10 per cent devaluation in 1990, this has made quality New Zealand wools price-competitive against synthetics.

Another factor is a change in shearing patterns. Because of the low returns many farmers appear to be shearing every 12 months instead of eight months previously. This is being reflected by smaller than expected offerings at most recent auctions, forcing buyers to pay more.

Also China has re-entered the market with vigour. Its purchases so far this season are up 290 per cent. The Chinese are buying for their own consumption, especially hand-knitting wools, which are sold in 500 gram bales to peasants who knit cardigans and jerseys for the cold winters.

The Chinese are major buyers of lambs' and medium wools, and prices for these types have been very firm. However the Wool Board believes that the Chinese demand may not be sustained, as there are fears that the strong domestic recovery may falter. So far this season they have bought 25,600 clean tonnes, about a quarter of all exports.

Demand from India for crossbred wool, used in carpet making, which accounts for the bulk of New Zealand production, picked up sharply this month. This followed the New Delhi government's decision to waive the 150 per cent import licence fee for this type of wool in a bid to encourage carpet exports. The imposition of this tax, originally at 200 per cent, had hit sales of New Zealand wools to India badly.

Last season India bought 16,000 tonnes of wool, making it New Zealand's fourth largest customer. In the first six months of this season it bought only 4,000 tonnes, because of the import fee, but exporters believe the Indians will continue to buy large quantities over the remainder of the season as they attempt to rebuild stocks. It is expected that they will buy a total 12,000 tonnes this season.

An unexpectedly strong demand has come from Nepal, which is finding keen buyers for its hand-knitted carpets in western Europe, particularly Germany, Turkey, which is mounting an export drive

partly based on machine-made carpets, has also increased its purchases sharply.

Exports to the Commonwealth of Independent States have been minimal in recent months because of political and foreign currency problems. In the early part of the season former Soviet republics bought 4,000 tonnes under a credit arrangement that is now exhausted.

The Soviet Union for many years was one of New Zealand's biggest wool customers, but the New Zealand Wool Board's research group manager, Roger Buchanan says that significant shipments to the CIS are unlikely in the short term, and the sales of about 27,000 tonnes a year to the former Soviet territories were "a thing of the past".

Wool exports to Belgium rose by 43 per cent and to Germany by 33 per cent, although the total shipped to Europe this season is expected to be unchanged because of deep recession in other European Community countries, which cutting demand for carpets.

Exports to the UK, for example, fell 22 per cent.

The US bought 15 per cent more but Japan 14 per cent less, although both are expected to increase purchases in the second half of the season.

Wool Board figures show exports for the first half of the season totalled 109,500 clean tonnes, up from 83,000 for the same period last season. The value of exports rose 9 per cent to NZ\$538m, up from NZ\$491m.

WORLD COMMODITIES PRICES

MARKET REPORT

Gold closed below \$350 a troy ounce on the London bullion market in lethargic trading dominated by technical factors. The morning fix of \$348 marked a five-month low, but the market recovered a little ground on bargain hunting and short covering. The April contract on Comex had recovered by midday from a lifetime low of \$350.20 struck shortly after the opening. On the LME aluminium rose on the back of the copper market, but three-month metal met resistance around \$1,340 a tonne. Dealers are expecting another increase in stocks today. London robusta coffee prices closed down sharply while New York arabicas

well down at midday after the ICO indicator hit a 17-year low of 54.57 cents a lb. New York traders said there was little fresh fundamental influence in the market and prices remained weighed by abundant supply and an absence of strong demand. May scored a low of 67.20 cents a lb. "The picture is bleak. There's a burdensome supply for the near-term and we've got a lot of new crop," said one analyst. Robustas have fallen by about \$100 a tonne since mid-January. "With the state of the market at the moment we can see it declining further," a London dealer said.

Compiled from Reuters

SUGAR - London POX (\$ per tonne)

Raw	Close	Previous	High/Low
Mar	179.80	179.80	180.40 179.80
May	181.00	181.00	181.40 180.40
Aug	185.80	186.00	185.40 187.00
Dec	187.00	188.00	187.00 188.00

White Coffee - London POX (\$ per tonne)

Close	Previous	High/Low
Mar	282.0	283.0 281.5
Aug	287.5	288.0 287.0
Dec	291.4	291.5 290.5
Mar	291.4	291.0 291.0

Turnover: Raw 238 (585) lots of 50 tonnes. White 1054 (597) P&H White (P&H per tonne): May 1489.45 Aug 1531.44

COFFEE - London POX (\$ per tonne)

Close	Previous	High/Low
Mar	77.0	81.0 80.0
May	80.0	83.0 82.0
Aug	83.0	87.0 85.0
Dec	88.0	92.0 90.0
Mar	91.0	94.0 91.0

Turnover: 1229 (482) lots of 10 tonnes. ICO Indicator prices (\$/cwt per tonne). Daily price for Feb 21 82.21 (82.50) 10 day average for Feb 24 84.72 (84.88)

CRUDE OIL - IPE (\$/barrel)

Close	Previous	High/Low
Mar	17.43	17.71 17.23
May	17.38	17.64 17.12
Aug	17.38	17.60 17.12
Dec	17.38	17.55 17.12
Mar	17.43	17.60 17.12

Turnover: 1189 (595) lots of 100 tonnes

GRAINS - London POX (\$/tonne)

Close	Previous	High/Low
Mar	123.80	123.40 124.20
May	127.85	127.35 128.35
Aug	116.75	116.75 116.75
Dec	116.75	116.75 116.75

Turnover: 41 (191) lots of 3,200 kg

NEW YORK

GOLD 100 troy oz. \$/troy oz.

Close	Previous	High/Low
Mar	350.1	351.2 349.5
May	351.1	352.2 350.5
Aug	352.1	353.2 351.5
Dec	353.1	354.2 352.5
Mar	354.1	355.2 353.5

Turnover: 118 (595) lots of 100 tonnes

CHICAGO

SOYBEANS 5,000 bu. min. cents/bushel

Close	Previous	High/Low
Mar	580.0	576.0 584.0
May	580.0	576.0 584.0
Aug	580.0	576.0 584.0
Dec	580.0	576.0 584.0
Mar	580.0	576.0 584.0

Turnover: 118 (595) lots of 100 tonnes

SPOT MARKETS

Crude oil (per barrel FOB) + or -

Dubai \$14.95-15.00 +4.6

Brent Blend (dated) \$17.40-17.45 +5.75

Brent Blend (Apr) \$17.30-17.35 +0.50

WTI (1st oil) \$16.30-16.35 +0.50

Oil products

IME prompt delivery per tonne FOB + or -

Premium Gasoline \$201-203 -2

Gas Oil \$162-163 -3

Heavy Fuel Oil \$69-70 -3

Naptha \$178-180 -3

Petroleum Argus Estimates

Other

Gold (per troy oz) \$349.80 -2.15

Silver (per troy oz) \$41.25 +6.80

Platinum (per troy oz) \$524.25 +0.10

Copper (US Producer) 105.18c -0.25

Lead (US Producer) 37c

Tin (Kuala Lumpur market) \$14.31 +0.05

Tin (New York) \$26.56 -1.0

Zinc (US Prime Western) 62c

Cattle (live weight) 107-123p +0.05

Sheep (live weight) 101-123p +0.05

Pigs (live weight) 64.34p +0.30

London daily sugar (raw) \$209.00 -2.9

London daily sugar (white) \$233.00 -3.0

Tate and Lyle export rice \$225.5 -1.0

Barley (English feed) £120

Maize (US No 3 yellow) \$148.5

Wheat (US Dark Northern) Unq.

Rubber (Apr) \$1.75p

Rubber (May) \$2.00p

Rubber (Jul, RSS No 1) \$208.5m

Cocunut oil (Philippines) \$362.50

Palm oil (Malaysia) \$330.50 +5.0

Copra (Philippines) \$455.00 -2.5

Soyabean oil (US) \$150.50

Cotton "A" Index 55.85c

Wooltopa (\$4 Super) 47.5p +3

TEA

There were 20,248 packages for the day, reports the Tea Brokers' Association. A strong demand prevailed. Landed colour Assams met improved competition. Bright flowering Assams ruled firm to dealer. Good demand for medium and often much weaker. Other continued good demand with prices firm at last rates and 3-5p up for selected lines. The highest price realised was 199p for a Rwanda 6p.1. Outbids: quality 150p; good medium 110p; medium 94p; low medium 80p.

CRUDE OIL - IPE (\$/barrel)

Close	Previous	High/Low
Mar	17.43	17.71 17.23
May	17.38	17.64 17.12
Aug	17.38	17.60 17.12
Dec	17.38	17.55 17.12
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Turnover: 1189 (595) lots of 100 tonnes

GRAINS - London POX (\$/tonne)

Close	Previous	High/Low
Mar	123.80	123.40 124.20
May	127.85	127.35 128.35
Aug	116.75	116.75 116.75
Dec	116.75	116.75 116.75

Turnover: 41 (191) lots of 3,200 kg

NEW YORK

GOLD 100 troy oz. \$/troy oz.

Close	Previous	High/Low
Mar	350.1	351.2 349.5
May	351.1	352.2 350.5
Aug	352.1	353.2 351.5
Dec	353.1	354.2 352.5
Mar	354.1	355.2 353.5

Turnover: 118 (595) lots of 100 tonnes

CHICAGO

SOYBEANS 5,000 bu. min. cents/bushel

Close	Previous	High/Low
Mar	580.0	576.0 584.0
May	580.0	576.0 584.0
Aug	580.0	576.0 584.0
Dec	580.0	576.0 584.0
Mar	580.0	576.0 584.0

Turnover: 118 (595) lots of 100 tonnes

CHICAGO

SOYBEANS 5,000 bu. min. cents/bushel

Close	Previous	High/Low
Mar	580.0	576.0 584.0
May	580.0	576.0 584.0
Aug	580.0	576.0 584.0
Dec	580.0	576.0 584.0
Mar	580.0	576.0 584.0

Turnover: 118 (595) lots of 100 tonnes

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Turnover: 118 (595) lots of 100 tonnes

By Terry Byland, UK Stock Market Editor

confidence in prospects for cuts in UK base rates. Retail and consumer stocks, the immediate beneficiaries from lower interest rates, found buyers.

There was some nervousness, however, ahead of the UK trade figures for January which are due on Thursday.

Analysts said that the figures will be disappointing. Kleinwort Benson Securities suggesting an increase in the monthly current account deficit to around £450m.

The Institute of Directors warned that the trade figures, together with the unemployment data for last month, will draw attention to long term trends which may eventually undermine the sustainability of sterling's current rate of growth.

It said the C&A M

■ Other market statistics, including the FT-Achieves Share Index and London Traded Options. Page 28.

FINANCIAL TIMES STOCK INDICES												
	Feb 24				Feb 18				High 1981c			
	Feb 24	Feb 18	Feb 11	Feb 4	Feb 18	Feb 11	Feb 4	High	Low	Since Completion	High	Low
Government Secs	86.19	88.21	88.37	88.20	88.47	85.39	85.47	82.17	127.40	49.18	127.40	49.18
								(18/2/80)	(2/1/81)	(9/1/85)	(3/1/78)	
Fixed Interest	101.17	101.21	101.40	101.58	101.52	93.83	101.58	80.59	105.40	50.53	105.40	50.53
								(18/2/80)	(2/1/81)	(2/1/82)	(1/1/78)	
Ordinary Share*	1989.7	1982.9	1989.4	1975.3	1983.7	1866.5	2108.3	1608.3	2108.3	49.1	2108.3	49.1
								(2/8/81)	(18/1/81)	(2/9/81)	(2/6/54)	
Gold Mines	128.6	130.8	136.3	135.8	135.9	128.4	222.8	127.0	734.7	43.5	734.7	43.5
								(1/1/81)	(22/6/81)	(1/1/83)	(1/1/78)	
FT-SE 100 Share	2529.7	2542.3	2543.4	2536.7	2555.9	2236.5	2679.8	2054	2679.8	99.9	2679.8	99.9
								(2/9/81)	(18/1/81)	(2/9/81)	(2/3/84)	
FT-SE Eurostock 200	1192.22	1182.68	1197.07	1172.55	1178.75	1086.31	1198.60	936.82	1198.60	93.62	1198.60	93.62
								(2/9/81)	(1/6/81)	(2/9/81)	(1/6/81)	
© Ind. Div. Yield	4.80	4.63	4.81	4.62	4.50	5.16						
© Earning Div. % (full)	6.93	6.88	6.65	6.67	6.84	7.05						
© P/E Ratio (Net)(n)	18.86	18.73	18.82	18.77	18.87	17.25						
SEAO & Shares 50p	28,678	38,143	32,671	31,684	33,540	32,165						
Equity Turnover (m)	N/A	N/A	1,305	1,515	1,528	1,528						
Equity Bargain*	N/A	N/A	32,702	32,526	34,008	32,843						
Shares Traded (m)	N/A	N/A	580.9	555.9	484.8	488.3						
Ordinary Share Index	Day's % Change											
Opers	9 am	10 am	11 am	12 pm	1 pm	2 pm	Day's %	1978.6				
1978 B	1985.5	1994.0	1996.4	1998.7	1997.4	1997.9	1986.3	2001.2				
FT-SE 100, Hourly changes	Day's % Change											
Opers	9 am	10 am	11 am	12 pm	1 pm	2 pm	Day's %	1978.6				
2533.5	2541.3	2556.3	2559.6	2563.0	2560.4	2559.0	2558.6	2561.2				
FT-SE Eurostock 200, Hourly changes	Day's % Change											
Opers	9 am	10 am	11 am	12 pm	1 pm	2 pm	Day's %	1186.76				
1186.76	1188.27	1191.22	1191.22	1192.19	1192.19	1190.95	1190.58	1190.58				
<p>London report and latest Share index</p> <p>Top: 0891 123001 Cables changed at 36</p> <p>FT-SE 100 Share: 2529.7, 2542.3, 2543.4, 2536.7, 2555.9, 2236.5, 2679.8, 2054, 2679.8, 99.9, 2679.8, 99.9</p> <p>FT-SE Eurostock 200: 1192.22, 1182.68, 1197.07, 1172.55, 1178.75, 1086.31, 1198.60, 936.82, 1198.60, 93.62, 1198.60, 93.62</p> <p>SEAO & Shares 50p: 28,678, 38,143, 32,671, 31,684, 33,540, 32,165</p> <p>Equity Turnover (m): N/A, N/A, 1,305, 1,515, 1,528, 1,528</p> <p>Equity Bargain*: N/A, N/A, 32,702, 32,526, 34,008, 32,843</p> <p>Shares Traded (m): N/A, N/A, 580.9, 555.9, 484.8, 488.3</p> <p>Ordinary Share Index: Day's % Change</p> <p>Opers: 9 am, 10 am, 11 am, 12 pm, 1 pm, 2 pm, Day's %</p> <p>1978 B: 1985.5, 1994.0, 1996.4, 1998.7, 1997.4, 1997.9, 1986.3, 2001.2</p> <p>FT-SE 100, Hourly changes: Day's % Change</p> <p>Opers: 9 am, 10 am, 11 am, 12 pm, 1 pm, 2 pm, Day's %</p> <p>2533.5, 2541.3, 2556.3, 2559.6, 2563.0, 2560.4, 2559.0, 2558.6,</p>												

Vickers volatile

Food retailers were boosted by positive comments from UBS Phillips & Drew and James Capel. Argyle moved ahead 9 to 32p, J. Sainsbury 11 to 38p and Tesco 8 to 26p.

Guinness rose 18 to 54p on lack of stock and strong demand. Grand Metropolitan climbed 94p to 94p before today's annual meeting. Allied-Lyons, up 8 at 54p, is to

[illegible]

Equity Shares Traded

Turnover by volume (million)
Excluding:
Inter-market business & Overseas turnover
4m 1988, 10m 1989, 15m 1990, 20m 1991, 25m 1992

Month	Turnover (million)
O 1991	~150
N 1991	~150
D 1991	~750
J 1992	~700
F 1992	~150

Source: Datastream

Barclays, which was unaffected by yesterday's Swaps contract ruling, rose on the general sentiment in the sector by 11 to 98p.

Support ahead of the full-year results, which are due today, helped SmithKline Beecham units to improve 15 to 415p, although the "A" shares were flat at 928p.

ICI appreciated 22 to 1317p ahead of full-year results expected on Thursday. The stock was also said to have received some support from a strategic note by Credit Lyonnais Laing.

Glaxo, which went ex a 6p

[illegible][illegible]

EQUITY FUTURES AND OPTIONS TRADING

A LARGE buying order triggered a squeeze of stock index futures, leading to a sharp advance in the March contract on the FT-SE Index, writes Joel Kibazo.

March opened firmly at 2,560 with traders moving quickly to cover short overnight positions. An order for 100 contracts combined with an earlier demand led to a squeeze by late morning, sending the contracts sharply for

ward to touch the day's high of 2,587, and pulling the underlying cash market higher.

Light mid-session profit-taking saw the contract drift off, and a further decline was recorded following the poor opening on Wall Street.

March closed at 2,579, up 24 on the session and down around 13 points on the estimated fair value premium to cash of about 5. Turnover

was a healthy 9,946 contracts.

The trade options market remained dull with turnover reaching only 22,419 lots. The FTSE-100 index option was busy, trading 9,031 contracts.

British Airways was the busiest stock option trading 1,318 contracts with April 26 calls particularly active at 1,295 contracts and 1,280 puts contracts, while British Air space recorded a total of 1,231 lots dealt.

[illegible][illegible]

<p>AGB RESEARCH PLC Notice is hereby given that a Meeting of</p>	<p>In the matter of Melcor Spirits Limited (In Receivership)</p>	<p>AUDIENCE SELECTION AND TELESALES LIMITED Notice is hereby given that a Meeting of</p>
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Creditors are to be held at Room G20, 200 Broad Street, London WC2E 2PH, on 28 February 1992, to consider our proposals under Section 23(1) of the Insolvency Act 1986 and to establish a Committee of Creditors. A copy of our proposals may be obtained from Mr J. Barry Street, London WC2E 2PH.

J.A. Talbot, A.W. Brierley, M. Fehman, M. McCulloch, Joint Administrators

Registered number: 2515012. Trading since 1986. Nature of business: Wholesale Distribution of Discounted Data & other Office Products. Registered office: 2515012 & B108. Date of appointment of joint administrators: 12/1/92. Name of person appointing the joint administrators: HSBC Bank Limited.

Mr Martin Brierley & Nigel John Vought, Joint Administrators

Creditors are hereby given notice that a meeting of the Creditors of the above named Company, The Watson Hotel, London WC2E 2PH, will be held on 28 February 1992, to consider our proposals under Section 23(1) of the Insolvency Act 1986 and to establish a Committee of Creditors. A copy of our proposals may be obtained from Mr J. Barry Street, London WC2E 2PH.

J.A. Talbot, A.W. Brierley, M. Fehman, M. McCulloch, Joint Administrators

[illegible]

NOTICE IS HEREBY GIVEN that a Meeting of Creditors is to be held at the Chamber of Commerce, The Walbrook Hotel, London WC2E, at 2.00 pm on 26th February 1992, to consider the proposals of the Liquidator of the above-named Company, in pursuance of the provisions of the Insolvency Act 1986 and to consider any proposals for the appointment of a Committee of Creditors. A copy of the proposals may be obtained from P.O. Box 55, 1 Surrey Street, London WC2R 2ST.

J.A. Talbot, A.W. Briarley, M. Fishman,
N.L. McKinnon, Joint Administrators

ACB INTERNATIONAL PLC

NOTICE IS HEREBY GIVEN that a Meeting of Creditors is to be held at the Chamber of Commerce, The Walbrook Hotel, London WC2E, at 10.00 am on 26th February 1992 to consider the proposals of the Liquidator of the above-named Company, in pursuance of the provisions of the Insolvency Act 1986 and to consider establishing a Committee of Creditors. A copy of our proposals may be obtained from PO Box 55, 1 Surrey Street, London WC2R 2ST.

J.A. Talbot, A.W. Briarley, M. Fishman,
N.L. McKinnon, Joint Administrators

AUDITS OF GREAT BRITAIN LIMITED

NOTICE is hereby given that a Meeting of Creditors is to be held at the Chamber of Commerce, The Walbrook Hotel, London WC2E, at 2.00 pm on 27th February 1992, to consider the proposals of the Liquidator of the above-named Company, in pursuance of the provisions of the Insolvency Act 1986 and to consider any proposals for the appointment of a Committee of Creditors. A copy of our proposals may be obtained from P.O. Box 55, 1 Surrey Street, London WC2R 2ST.

J.A. Talbot, A.W. Briarley, M. Fishman,
N.L. McKinnon, Joint Administrators

Notice is hereby given that a Meeting of Creditors is to be held at the Charter 1 Suite, The Waterloo Hotel, London at 10.00 am on 27th February 1989, to consider my proposals under Section 361(1) of the Insolvency Act 1986 and to elect a meeting of the Committee of Creditors consisting of a Committee of Creditors and myself. My proposals may be obtained from PO Box 65, 5 Surrey Street, London EC2A 4DWT.

J. A. Tabor, A.W. Brierley, M. Fishman, N.L. McKillop, Joint Administrators.

PML ESTATES LTD
Registered number: 2448483.
Nature of business: Property Company.
Trade classification: 25.
Order made: 17 February 1989.
J. A. Tabor, A.W. Brierley, M. L. McKillop, Joint Administrators.

MARLBOROUGH
6 Albemarle Street, London W1
CHRISTOPHER
BRAMHAM 29 January -
29 February 1992, Mon-Fri
10.30 - 5.00 pm.
Tel: 071-494 5161

Mr. A. W. Campbell, Agent	Mr. J. H. Campbell, Agent	Mr. J. H. Campbell, Agent
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Welsh Water plugged

porate finance, with geographic responsibilities for the West of England as well as Wales. He was also the audit partner for Welsh Water until two years ago.

When Coopers merged with Deloitte's, the terms of the deal meant that it was the senior partner of Deloitte's who secured the top position in the merged entity. Twamley had been senior partner at Coopers.

He acknowledges that one of the toughest aspects of the job — managing relations with the City — will represent



a new departure for him. But Graham Hawker, he says, is well versed in that environment and will be hand-holding "until the City feels it can deal with me".

Hodge Mark 3

Sir Julian Hodge, the 87-year-old Welsh financier, has long since retired from active duty but his name lives on at the Julian Hodge Bank where his son, Julian, is strengthening the management.

Richard Mathias, aged 43, has been recruited from Midland Bank to become the bank's first general manager. Richard Cave, managing director of the bank and one of Sir Julian's longest-serving employees, says the new appointment reflects the bank's commitment to South Wales generally and Cardiff in particular. "It is most newsworthy that in addition to many years experience in banking, Mathias was born and bred in Wales and is Welsh-speak-

The Julian Hodge Bank is the Hodge family's latest venture, a small bank, Welsh financial institution. Sir Julian, who started life as a railway clerk and sold insurance door-to-door in the early 1950s, disposed of his first venture, the Hodge Group - to Standard Chartered in the mid-1970s and sat on the new owner's board for some years. His second banking venture, the Commercial Bank of Wales - was bought by Bank of Scotland in 1986.

Disenchanted with earlier Hodge banks, the family-owned Julian Hodge Bank is a modest affair with assets of £24m, shares of £1.50 and 1988 pre-tax profits of £2.5m a year. It specialises in lending to commercial and industrial customers and operates out of premises in Cardiff's Windsor Place.

■ David Clifton, md of CRODA INTERNATIONAL's universal division, is appointed to the post of Managing Director of the Cressingham md of Croda's specialty chemicals sector, is to retire at the end of March.

■ Michael Schuetzendorf has been appointed operations director Hilton International London.

■ David Dewhurst is appointed Managing Director of the STRONG & FISHER; he moves from the head office of Hillsdown Holdings which is a subsidiary of the shareholder of Strong & Fisher.

■ David Pearce has been appointed chairman and chief executive of the SHAXSON HOLDINGS following the death of William D'Abbens; David Mason is appointed company secretary of D'Abbens. David Jarrett who remains a managing director.

■ Perhaps with an eye to local sensitivities, Britain's biggest bank has decided put a Welshman in charge of the biggest part of its Welsh business. Gareth George, 42, is taking over as Barclays Bank's regional director for South Wales on June 1.

Having joined the bank in 1971, he is now moving from Birmingham to Cardiff - very much a return home. He was born and brought up in the Rhondda valley and went to Cardiff University.

As a "fanatical" rugger man he welcomes the chance to be among sympathetic colleagues in the new Birmingham area where he has been personal sector director for the past five years, he was the butt of all the anti-Welsh jokes every time Wales lost. Like many successful sporting men, George is not more than his fair share of charitable work and became national president of the Round Table at 39.

George is replacing Englishman, Grant Walshe, who is retiring on reaching 60. Having been in charge of Bristol, Walshe is regarded as having done a good job nursing the bank's business in a local economy which has been hit hard by the problems in the car and traditional heavy industries.

He quickly established himself in Cardiff business-life where no function is complete without his bonhomie and he has been staying on in the city among his bridge friends. "I bring a civilising English touch," he says.

In the matter of
MILLBARRA INTERNATIONAL LIMITED
and in the matter of the
Companies Act 1985
NOTICE is hereby given that the
Order of the High Court of Justice
(Chancery Division) dated the 13th January
1992 confirming the reduction of the capital
of the above named Company from
£10,000,000 to £2.00 and the Minute
approved by the Court showing with
respect to the capital of the Company as
altered the several particulars required by
the above mentioned Act and were registered
by the Registrar of Companies on 19th
February 1992.
Dated this 25th day of February 1992.
Caruthers & Co., of 29 Shaftesbury
Avenue, London WC2H 8PJ Solicitors for
the above named Company.

Notice of appointment of joint administrative receivers.
CENTRAL GARAGES
(HOLDINGS) LIMITED
Nature of business: Car Servicing Centre.
Date of appointment of joint administrative receivers: 14 February 1982. Name of person appointing the joint administrative receivers: The Governor & Company of the Bank of Scotland.
Christopher John Barker and Christopher John Hughes, Joint Administrative Receivers, (Offices holder no 562 and no 563), 200, Cork Quay, Shindler House, 3 Noble Street, London EC2V 7QG

Notice of appointment of joint administrative receivers.
CORNWALL LIMITED
Registered number: 1645808. Nature of business: Holding and Investment Company. Date of appointment of joint administrative receivers: 15 February 1982. Name of person appointing the joint administrative receivers: The Governor & Company of Bank of Scotland.
Christopher John Barker and Christopher John Hughes, Joint Administrative Receivers, (Offices holder no 562 and no 563), 200, Cork Quay, Shindler House, 3 Noble Street, London EC2V 7QG

ACB RESEARCH PLC

Notice is hereby given that a Meeting of Creditors is to be held at Room G02, 37th Floor, 150 Broadway, New York, New York 10038, on Thursday, February 22, 1990, at 11:00 a.m. for the purpose of considering the proposed reorganization of the company under Chapter 11 of the United States Bankruptcy Code, 11 U.S.C. § 1101, et seq., and to consider the appointment of a Committee of Creditors. A copy of the proposed reorganization plan may be obtained from the United States Bankruptcy Court, Southern District of New York, 100 Wall Street, New York, New York 10038, at the address above.

J.A. Talbot, A.W. Brierley, M. Fahnman, M.L. McKillop, Joint Administrators

Notice of appointment of Administrative Receiver:

Baccus Beer Limited
Registered number: 1871839. Trading name: Baccus Beers Limited, Nature of business: Wholesale of Beers & Mineral Drinks. Trade classification: 12. Date of

**RESEARCH SURVEYS OF
GREAT BRITAIN LIMITED**

Notice is hereby given that a Meeting of Creditors is to be held at the Chamber 1 Suite, The Walcott Hotel, London WC2C 4ZL, at 10.30 hours on Thursday 29th January 1982, to consider our proposals under Section 22(1) of the Insolvency Act 1986 and to consider establishing a Committee of Creditors. A copy of our proposals may be obtained from P.O. Box 55, 1 Surrey Street, London WC2C 4ZL.

J.A. Taylor, A.W. Esterley, M. Fishman,
M.J. McKelvey, Joint Administrators

in the matter of
Molvor Spirits Limited
(in Receivership)
and in the matter of the
Insolvency Act 1986

Registered number: 2515012. Trading
Name: Molvor Spirits Limited (in
Receivership). Nature of business:
Wholesale Distribution of Alcoholic Drink &
Other Food & Drink. Trade classification
code & standard: 54120101. Joint
administrative receivers: 12 February 1982.
Name of person appointing the joint
administrative receivers: **His Samuel Bank
Limited.**

John Martin Inglede & Nigel John Voight,
Joint Administrative Receivers, (Office
holders at 100, 101 & 102/103, Cook
Gully, 9 Greyfriars Road, Reading,
Berkshire RG1 1JG.

**QUESTEL QUALITATIVE
STUDIES LIMITED**

Notice is hereby given that a Meeting of Creditors is to be held at the Chancery in S.W. The Westland House, London WC2N, at 11.00am on 27th February 1992, to consider our proposals under Section 22(1) of the Insolvency Act 1986 for the appointment of a Committee of Creditors. A copy of our proposals may be obtained from PO Box 85, 1 Surrey Street, London WC2N 2PT.

J.A. Tabbot, A.W. Briarley, M. Fishman, M.L. McKillop, Joint Administrators

AGB INTERNATIONAL PLC

Notice is hereby given that a Meeting of Creditors is to be held at Room G02, Arthur Andersen, London WC2N 2PT on 16.01.92 at 10.00am to consider our proposals under Section 22(1) of the Insolvency Act 1986 and the appointment of a Committee of Creditors. A copy of our proposals may be obtained from PO Box 85, 1 Surrey Street, London WC2N 2PT.

J.A. Tabbot, A.W. Briarley, M. Fishman, M.L. McKillop, Joint Administrators.

PHL ESTATES LTD

Registered number: 2449423C.
Nature of business: Property Company.
16.01.92 at 10.00am on 16th February 1992 to consider our proposals under Section 22(1) of the Insolvency Act 1986 for the appointment of a Committee of Creditors. A copy of our proposals may be obtained from PO Box 85, 1 Surrey Street, London WC2N 2PT.

J.A. Tabbot, A.W. Briarley, M.L. McKillop
Joint Administrators.

**AUDIENCE SELECTION AND
TELEBASES LIMITED**

Notice is hereby given that a Meeting of Creditors is to be held at the Charter 1 Suite, The Waldorf Hotel, London WC2E, at 1:00 pm on 27th February 1982, to consider our proposals under Section 23(1) of the Insolvency Act 1966 and to consider establishing a Committee of Creditors. A copy of our proposals may be obtained from Peter Box, 31, Surrey Street, London WC2R 2BT.

J.A. Talbot, A.W. Brierley, M. Fishman,
M.L. McColl, Joint Administrators

AGB CONSUMER RESEARCH LIMITED

Notice is hereby given that a Meeting of Creditors is to be held at the Charter 1 Suite, The Waldorf Hotel, London WC2E, at 11:30am on 27th February 1982, to

consider our proposals under Section 23(1) of the Involuntary Act 1966 and to consider establishing a Committee of Creditors. A copy of our proposals may be obtained from P.O. Box 55, 1 Surrey Street, London WC2R 2NP.

J.A. Talbot, A.W. Brierley, M. Fishman,
M.L. McGloin, Joint Administrators

AUDITS OF GREAT BRITAIN LIMITED

Notice is hereby given that a Meeting of Creditors is to be held at the Chamber of Commerce, The Walbrook Hotel, London WC2E, at 3.00 pm on 27th February 1992, to consider our proposals under Section 23(1) of the Involuntary Act 1966 and to consider establishing a Committee of Creditors. A copy of our proposals may be obtained from P.O. Box 55, 1 Surrey Street, London WC2R 2NP.

J.A. Talbot, A.W. Brierley, M. Fishman,
M.L. McGloin, Joint Administrators

ART GALLERIES

MARLBOROUGH

6 Albemarle Street, London
W1
CHRISTOPHER
BRAMHAM 29 January -
29 February 1992. Mon-Fri
10.5-3.30 Sat 10-12.30.

Tel: 071-629 5161.

HOTELS & LEISURE

Notes Date Page

[illegible]

857	82
950	128

64	418
-	-
1074	106
781	163
-	-
292	383
817	100
359	112
793	165
231	200
742	-299
-	-
345	198
134	-15
650	95
147	253
-	-
100	109
365	61
-	-
351	-80
153	163
705	419
-	-
824	144
297	77
365	11
-	-
2015	280
-	-
521	683
889	-97
537	71
-	-
1071	343
444	288
106	16
175	160
850	82

798	21
272	23
46	24
184	34
987	28
474	44
008	175
207	153
137	-20
941	-8
947	81
280	352
823	68
641	95
912	132
201	388
1017	221
723	200
626	569

50	52.2
50	20.1
50	50.4
50	11.7
50	4.5
50	16.8
50	5.3
50	26.4
50	20.3
50	10.1
50	16.6
50	40.5
50	-5.2
50	34.9
50	13.2
50	38.2
50	-16.0
50	20.5
50	12.3
50	60.5
50	7.0
50	36.8
50	28.4
50	26.0
50	18.1
50	18.8
50	14.3
50	12.6

27 12.5
27 12.5

HINES - Con

[illegible][illegible][illegible]

US\$1.00, not listed on the
 terms of consideration
 not officially UK tax
 Price at time of issue
 Estimated dividend yield
 Dividend yield on closing
 Forecast dividend yield
 statement.
 Unchanged collection

Your based on
 unannounced dividend
 in figures based on
 prospectus or other
 official estimates.

Centre, First Year
 Accumulated dividend
 yield after rights issue.
 Dividend yield on closing
 price after scrip issue.
 Rights issue pending
 Dividend based on
 announced figures.
 Dividend yield
 including a special
 dividend.
 Indicated dividend
 yield, by ratio based on
 highest recent earnings.
 Dividend yield on closing
 price of unannounced dividend
 statement, by based on
 previous year's earnings.

This service is available
 without charge to the
 Editor's discretion

on (071) 925
Calls charge
and 48p per

25	+2	67 $\frac{1}{4}$	23	10.1
115		730	70	402.1

134	—	180	70	487.1
135	—	275	137	2,719
1217	+47	1749	846	1,178
785	-72	1026	512	1,187
135	-5	165	65	434.2
803	—	889	684	1,371
89	—	175	48	8.89
103	-10	228	135	49.8
1848	-15	1576	776	235.3
2715	-12	5145	2818	173.3
203	—	253	163	29.2
88	—	115	65	14.7
23	-1	58	23	2.88
877	-3	337	210	87.8

88	+1	84	54	85.2
342c	-1	48 7/8	19 3/4	77.1
34	-1	43	9	13.5
187 1/2	+1/2	108 1/2	56	1,480
7	-1	10	2	2.10
11	-1	12	1	1.6
21	-1	25	18	12.8
56	+1	60	38	58
187	+1	122	69	855.3
41	-1	77	25	83.3
2	-1	3	2	1.2
66	-1	77	49	476.2
122	+1	133	93	768.1
20	-1	36	10	1.8
215	-1	323	186	425.9
10	-1	28	2	1.2
1 3/4	+1/4	1 1/4	0 1/4	1.33
181	-2	242	130	80.4
20	-1	32	13	55.6
2 1/4	-1	2 1/2	1	4.81
218	+5	238	153	2,857

38	—	38	20	2.75
80	—	80	45	12.8
44	—	57	27	184.0
130.6	+1 ₂	178	130	13.1
12	—	83	12	2.55
27	—	53	23	1.28
47 $\frac{1}{2}$	—	94 $\frac{1}{2}$	34 $\frac{1}{2}$	—
10	—	75	6	1.85
3	+ $\frac{1}{2}$	13	2 $\frac{1}{2}$	7.96
2 $\frac{1}{2}$	—	11	2 $\frac{1}{2}$	—
14	—	54	12	2.48
19	—	54	18	1.72
4	—	28	2	—
57 $\frac{1}{2}$	—	112 $\frac{1}{2}$	41 $\frac{1}{2}$	3.60
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12	—	17	12	1.51
4	—	18	1	6.21
4	—	34	11	2.58
9	—	28	9	5.99
25	—	28	9	497.8
29	—	27	27	978.8
39	—	61	32	14.8
51	—	25	31	5.28
29	—	25	15	3.41
45	+5	98	38	5.79
2	—	18	2	0.67
89	—	188	82	—
18	—	25	8	0.76
11	—	44	11	5.24
940	+7	885	404	5,408
2	—	16	2	1.67
12	—	152	7	0.85
98	—	123	66	14.4

IDON SHARE SERVICE
 based on Dividends for the FY-Activities Indicated
 and Dividend covers are published on Mondays
 in currencies other than sterling, this is indicated
 in the notes column daily as a guide
 and Dividend covers are published on Mondays
 calculated separately for each line of stock that
 are based on latest annual reports and accounts
 on half-yearly figures. P/E's are calculated on
 share being computed on profit after taxation,
 and undivided ACT where applicable. The

us, adjusted to ACT of 25 per cent and allow
rights.

(b) are shown for Investments Trusts, in pen
discount (Dis) or Premiums (Pr) - to the Ca
basis measures prior charge in par value,
rights recorded if dilution occurs.

traded stocks. This includes UK stocks wh
published continuously through the Stock
system (SEAD), and non-UK stocks wh
and

us have been adjusted to allow for rights issu
returned
based or deferred
on application
savings permitted under rule 535/47(a)

Basis period ending 12/31/89
Yield based on:
Official estimates for 1989.
P Figures based on prospectus or other official estimates for 1989.

Share Prices

prices are available by
me.
also provide you with a
national portfolio facility to give
evaluation of your own
investments.
Cityline Share and Unit Trust
obtain your confidential
the FT Cityline Help desk
3.
38p per minute cheap rate
minute at all other times.

● Current Unit Trust prices are available on FT CitiLine. Calls charged at 36p/minute cheap rate except at off-peak times. To obtain a free Unit Trust Code Booklet ring (071) 925-2129.

[illegible][illegible]

[illegible]

● Current Unit Trust prices are available on FT Cityline. Call 020 7554 120 and 45-minute at all other times. To obtain a free Unit Trust Code Booklet ring 011 253 4125

[illegible]

		RM Price	Stra Price
J. D. Ward Financial Services Ltd			07
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● Current Unit Trust prices are available on FT Cityline. Calls charged at 36p/minute cheap rate and 48p/minute at all other times. To obtain a free Unit Trust Code Booklet ring (071) 925-2128.

	Mid	Offer	%	Yield	Mid	Offer	%	Yield
Comcast Fund Managers Ltd.					North Star Fund Managers - Contd.			
China Fd Mktg Fm 14	10.21				High Income Fd	DA1522	182.0	
China Fd Mktg Fm 15	10.21				High Income Fd	DA1523	182.0	
China Fd Mktg Fm 16	10.21				Dollar Growth Fd	DA1524	182.0	
China Fd Mktg Fm 17	10.21				Dollar Growth Fd	DA1525	182.0	
General SA					Dollar Growth Fd	DA1526	182.0	
Investment Management					Dollar Growth Fd	DA1527	182.0	
AAK Australia	3997.87				Dollar Growth Fd	DA1528	182.0	
AAK Australia	3997.87				Dollar Growth Fd	DA1529	182.0	
AAK Australia	3997.87				Dollar Growth Fd	DA1530	182.0	
AAK Australia	3997.87				Dollar Growth Fd	DA1531	182.0	
AAK Australia	3997.87				Dollar Growth Fd	DA1532	182.0	
AAK Australia	3997.87				Dollar Growth Fd	DA1533	182.0	
AAK Australia	3997.87				Dollar Growth Fd	DA1534	182.0	
AAK Australia	3997.87				Dollar Growth Fd	DA1535	182.0	
AAK Australia	3997.87				Dollar Growth Fd	DA1536	182.0	
AAK Australia	3997.87				Dollar Growth Fd	DA1537	182.0	
AAK Australia	3997.87				Dollar Growth Fd	DA1538	182.0	
AAK Australia	3997.87				Dollar Growth Fd	DA1539	182.0	
AAK Australia	3997.87				Dollar Growth Fd	DA1540	182.0	
AAK Australia	3997.87				Dollar Growth Fd	DA1541	182.0	
AAK Australia	3997.87				Dollar Growth Fd	DA1542	182.0	
AAK Australia	3997.87				Dollar Growth Fd	DA1543	182.0	
AAK Australia	3997.87				Dollar Growth Fd	DA1544	182.0	
AAK Australia	3997.87				Dollar Growth Fd	DA1545	182.0	
AAK Australia	3997.87				Dollar Growth Fd	DA1546	182.0	
AAK Australia	3997.87				Dollar Growth Fd	DA1547	182.0	
AAK Australia	3997.87				Dollar Growth Fd	DA1548	182.0	
AAK Australia	3997.87				Dollar Growth Fd	DA1549	182.0	
AAK Australia	3997.87				Dollar Growth Fd	DA1550	182.0	
AAK Australia	3997.87				Dollar Growth Fd	DA1551	182.0	
AAK Australia	3997.87				Dollar Growth Fd	DA1552	182.0	
AAK Australia	3997.87				Dollar Growth Fd	DA1553	182.0	
AAK Australia	3997.87				Dollar Growth Fd	DA1554	182.0	
AAK Australia	3997.87				Dollar Growth Fd	DA1555	182.0	
AAK Australia	3997.87				Dollar Growth Fd	DA1556	182.0	
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AAK Australia	3997.87				Dollar Growth Fd	DA1558	182.0	
AAK Australia	3997.87				Dollar Growth Fd	DA1559	182.0	
AAK Australia	3997.87				Dollar Growth Fd	DA1560	182.0	
AAK Australia	3997.87				Dollar Growth Fd	DA1561	182.0	
AAK Australia	3997.87				Dollar Growth Fd	DA1562	182.0	
AAK Australia	3997.87				Dollar Growth Fd	DA1563	182.0	
AAK Australia	3997.87				Dollar Growth Fd	DA1564	182.0	
AAK Australia	3997.87				Dollar Growth Fd	DA1565	182.0	
AAK Australia	3997.87				Dollar Growth Fd	DA1566	182.0	
AAK Australia	3997.87				Dollar Growth Fd	DA1567	182.0	
AAK Australia	3997.87				Dollar Growth Fd	DA1568	182.0	
AAK Australia	3997.87				Dollar Growth Fd	DA1569	182.0	
AAK Australia	3997.87				Dollar Growth Fd	DA1570	182.0	
AAK Australia	3997.87				Dollar Growth Fd	DA1571	182.0	
AAK Australia	3997.87				Dollar Growth Fd	DA1572	182.0	
AAK Australia	3997.87				Dollar Growth Fd	DA1573	182.0	
AAK Australia	3997.87				Dollar Growth Fd	DA1574	182.0	
AAK Australia	3997.87				Dollar Growth Fd	DA1575	182.0	
AAK Australia	3997.87				Dollar Growth Fd	DA1576	182.0	
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FOREIGN EXCHANGES

Dollar retraces early gains

THE DOLLAR retraced early gains yesterday, after touching important technical barriers against the yen and D-Mark. The US currency reached a high of DM 1.667 early in the day, up from a London opening of DM 1.661. But it failed to breach the DM 1.665 barrier, and fell back to close in London at DM 1.651. In New York it edged up to end at DM 1.652.

Against the yen, the dollar pushed upwards through the important ¥129 level in Asian trading. The final impetus came from a \$20m purchase by a big Japanese player deliberately aimed at breaching the ¥129 level, market sources said.

The US unit had ended in New York on Friday at ¥129.56. By the London opening it had reached ¥129.45, but had dropped back to ¥129.15 by the close. In New York it finished still at ¥129.15.

One influence was a comment to Reuters by a Bank of Japan official that the dollar might face strong market resistance at around ¥130. Coming after last week's intervention by Japan, this was seen as a heavy hint of official opposition to a ¥130 rate. In spite of such comments, the dollar's weakening was "largely a technical correction," argued Michael Feeny of Sunningbank, "not a panic caused by fears of

central bank intervention".

Market participants had been reminding during the day about the last large-scale concerted intervention a year ago, he said. On that occasion, central banks failed to hold down the dollar for more than a week or so. Such recollections now, he added, were "perhaps a sign that the market is turning still more bullish".

Sterling was caught in the dollar backwash, trading at \$1.750 in the morning (compared with Friday's \$1.740), but closing at \$1.748. Against the D-Mark, the pound rose from Friday's DM 2.882 to an opening DM 2.884 and touched DM 2.886 before closing at DM 2.883.

Sterling tracked its floor against the peseta for much of the day, rarely rising enough above it to encourage hopes of a green light for an easing in UK interest rates. The market noted weekend comments by

Mr Carlos Solchaga, Spain's economy minister, which pointed out that the room for manoeuvre on peseta interest rates was limited by the actions of other EMS countries.

Mr Solchaga said: "It might be possible, if wages are fixed in accord with inflation goals, to lower rates a little and therefore not have the peseta near its upper limits, although I fear the currency markets will not easily let us do it."


He added that if the UK cut interest rates in view of the coming elections, the effect on Spanish rates might depend on the size of the British cut. "If it is a small drop, perhaps we would not need to change ours."

Interpretations of these comments varied: London dealers were reading it as an indication that Spain would be unlikely to cut rates before the UK did. But share prices in Madrid moved higher in anticipation of an interest rate cut.

EMS EUROPEAN CURRENCY UNIT RATES

	Est Cost Rates	Currency Amounts Applied Jan Feb 24	% Change from Central Rate	% Spread in Weakest Currency	Over Index
Spanish Peseta	133.631	126.197	-4.87	6.17	
Belgian Franc	42.0032	42.076	-0.17	2.64	
Dutch Guilder	3.11643	2.9022	-6.81	2.64	
2-Mark	2.0588	2.0454	-0.63	2.33	
Italian Lira	1538.24	1545.94	0.51	2.07	
Irish Punt	0.787417	0.76640	-2.10	2.06	
French Franc	6.55957	6.5554	-0.06	0.71	
Swedish Krona	7.84195	7.9256	1.12	0.73	
Swiss	0.696904	0.709817	1.85	0.00	

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SWORD


NEW YORK STOCK EXCHANGE COMPOSITE PRICES

[illegible]

Continued on next page

NASDAQ NATIONAL MARKET

Stock	P/E	P/S	Div.	E '98	High	Low	Last Cng	Stock	P/E	P/S	Div.	E '98	High	Low	Last Cng	Stock	P/E	P/S	Div.	E '98	High	Low	Last Cng	Stock	P/E	P/S	Div.	E '98	High	Low	Last Cng
ALJWoods	0.4	2.5	0.01	1001	361	361	361	-1	DR Tech	15	242	15	143	15	4	LUISA	24	278	29	26	26	-1	Songoro	8012246	141	141	141	-1			

[illegible]

Home Band	0.78	7	1011	1038	24 1/2	24 1/2	Optrotech	83	89	15 1/2	14 1/4	15	+1 1/2		
Home Mail		38	313	28 1/4	26 1/4	28	+ 3/4	Oracle Sy	58	4110	20 1/4	20	20 1/2	- 1/2	
Home Cks :	0.72	15	134	18 1/4	18	18	- 1/4	On Scales	49	432	18 1/4	17 1/4	17 1/2	- 1/4	
								Onesies	0.31	17	218	81	71	71	- 1/2

[illegible]

BRUSSELS

The FT proposes to publish this survey on April 3 1992.

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FT SURVEYS

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AMERICA

Investors show caution as Dow edges to new high

Wall Street

ALTHOUGH US stock markets lacked a firm direction yesterday in the absence of fresh economic news, the Dow blue chip indicator edged ahead to an all-time high, writes Patrick Harverson in New York.

At the close the Dow Jones Industrial Average was up 2.22 at 3,282.42, just eclipsing last Thursday's record of 3,280.54. The Standard & Poor's 500 finished 0.83 firmer at 412.28, but the Nasdaq composite of over-the-counter stocks, still under pressure from profit-taking, slipped 4.82 to 624.93. Turnover on the New York SE was light at 178m shares.

Although the Dow has reached new highs in recent days, the energy behind the market's rally from mid-December to mid-January appears to have dissipated.

Investors are now picking their stocks more carefully, sector rotation remains a dominant theme, and analysts predict that the market will probably not make further strides

until it has evidence of an improvement in corporate earnings.

Among individual stocks, General Motors dipped 3/4 to 37 3/4 after reporting a \$4.5bn loss in the full year of 1991. Although the losses and the plant closures had been expected, they underlined how hard the recession has hit the US manufacturing base. Ford and Chrysler eased in tandem, by 3/4 to \$36 1/4 and 3/4 to \$36 1/4 respectively.

RJR Nabisco rose early on but ended unchanged at \$10 1/4 in active trading after the company announced that it had bought back \$1bn of high-cost debt in a private transaction. This will result in a first-quarter after-tax charge of about \$160m.

Bank of Boston fell 1 1/4 to \$18 1/4 as investors reacted to last Friday's news that the banking group had filed to offer 8m common shares.

Eljer Industries weakened 1/4 to \$9 1/4 after the company said that it would take special reserves, write-offs and adjustments totalling \$30m in the

fourth quarter of 1991.

Texas Instruments eased 3/4 to \$38 1/4 on news that the computer chip manufacturer is in talks to buy the rights of Chips & Technologies' integrated circuits that imitate Intel's 886 microprocessor. Intel, quoted as Nasdaq, dropped 3/4 to \$63 1/4.

Elsewhere on the Nasdaq market, Zenith Laboratories jumped 3/4 to \$23 1/4 on reports that a US district court had ruled that Zenith's Cefadrol drug does not infringe a Bristol-Myers Squibb patent.

Canada

TORONTO stocks closed a narrowly traded day on an uptick, ending a string of nine straight sessions of losses. Today's federal budget kept traders cautious, although most said they were expecting no major changes.

The composite index was flatly 6.6 firmer at 3,543.2, while advances edged ahead of declines by 297 to 290 after a volume of 26.6m shares valued at C\$237m.

France and Mexico gain from buoyant US

By Antonia Sharpe

Significant movements in second-line markets were disguised by a muted global equity performance last week. According to the FT-Actuaries World Indices, the world index rose just 0.2 per cent in local currency terms.

France was the week's biggest gainer, advancing 4.5 per cent and returning to levels seen just before Iraq invaded Kuwait in August 1990. The market accelerated during the week in big volume as foreign and domestic investors aggressively bought stocks with exposure to cyclical industries and to the US economy, ahead of the close of the February account on Friday.

Analysts attribute the bourse's bullish mood to Wall Street, which reached a record high on Thursday, the stronger dollar, and to the sheer weight of money as international investors switched funds out of Germany and into France.

The market has also been encouraged by positive comments on the economy from the finance minister and by signs that the government is committed to improving the stock market's fortunes by creating personal equity plans and further privatisations. There is a general belief among analysts that French equities have further to run.

Mexico followed France with a 3.6 per cent rise in local terms, also buoyed by Wall Street, the prospect of lower interest rates, and foreign buying pressure. News on Friday that foreigners will be allowed to buy financial shares is expected to keep the market strong in the near term.

Hopes of cheaper money produced a 3 per cent gain in Malaysia, where cuts in deposit rates by local banks undermined efforts by the central bank to keep interbank rates above 8 per cent.

Malaysia was also lifted by speculative buying in the gaming sector. Tanjong was heavily bought on reports that its controlling shareholder planned to develop Kuala Lumpur's race course into a "city within a city".

By contrast, South Africa was the week's worst performer, losing 4.3 per cent in

the wake of the government's defeat in a local by-election and President F.W. de Klerk's announcement of a referendum on his reform programme. Lower gold prices, which took 7 per cent off the local market's all-gold index, were also to blame.

One analyst says the market is unlikely to recover from the weight of rights issues currently under way until well into the next quarter. Some R6.7bn (\$2.4bn), a large sum for the South African market, has already been raised in cash calls so far this year.

South African equities are also depressed by the effects of the worst drought in decades, which is likely to slow economic growth to 1.5 per cent, down from previous forecasts of 2 per cent, and reduce the trade surplus this year. A downturn in consumer spending is a further weight on the market.

The week's second worst performer was Norway, which fell 3.6 per cent, depressed by weaker oil prices following the Opec meeting and by a record net loss in 1991 from Norsk Hydro, the market leader.

MARKETS IN PERSPECTIVE

	% change in local currency		% change in US\$		% change in £	
	1 Week	4 Weeks	1 Year	Since 1989	Since 1989	Since 1989
Austria	+2.40	+14.41	-6.01	+21.07	+18.98	+11.08
Belgium	+1.34	-0.49	+2.14	+4.06	+2.81	+4.19
Denmark	-0.11	-2.87	+2.88	+0.86	-0.49	-1.06
Finland	+1.30	+6.13	-5.31	+21.95	+19.44	+11.52
France	+4.45	+5.31	+14.80	+10.37	+8.19	+1.96
Germany	+1.41	+2.85	+4.91	+9.05	+7.40	+0.28
Ireland	-0.30	-0.27	+7.80	+4.79	+3.75	-3.12
Italy	+1.33	-2.21	-4.12	+7.27	+6.58	-0.46
Netherlands	+1.09	+0.99	+16.32	+6.78	+5.25	-1.73
Norway	-3.60	-7.40	-12.95	-0.79	-2.08	-5.57
Spain	-0.23	+2.23	+3.82	+4.00	+3.27	-3.57
Sweden	+0.40	-3.49	+16.05	+8.15	+5.12	-1.88
Switzerland	+1.57	+2.14	+9.27	+2.42	+4.37	-4.37
UK	+1.20	+1.36	+8.31	+5.39	+4.79	-0.85
EUROPE	+1.22	+0.06	+16.95	+2.98	+2.94	-3.89
Australia	+0.58	+3.19	+38.25	+11.21	+19.37	+11.45
Hong Kong	-0.86	-2.80	-19.41	-10.11	-8.54	-12.73
Japan	-0.28	-2.80	+4.06	+10.90	+24.80	+16.53
Malaysia	+2.98	+2.23	+7.71	+2.21	+5.13	-1.83
New Zealand	+2.10	+0.16	+11.50	+2.30	+7.99	+0.83
Singapore	+1.64	-2.00	+11.50	+2.30	+7.99	+0.83
Canada	-1.03	-2.39	+0.05	+1.16	+5.82	-1.19
USA	-0.29	-0.53	+13.58	+1.18	+1.93	-1.18
Mexico	+3.60	+10.50	+19.11	+22.56	+30.42	+21.78
South Africa	-4.22	-2.54	+1.36	+2.58	-4.81	-11.12
WORLD INDEX	+0.16	-0.81	+1.75	-1.92	+1.96	-4.79

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Kuwait delays bourse reopening

THE reopening of Kuwait's stock exchange, closed since the Iraqi invasion in August 1990, has been delayed until the government finalises an ambitious plan to write off all banking debt in the emirate, writes Mark Nicholson, Middle East Correspondent.

Exchange officials indicated in January that the market, which had an annual turnover of around \$5bn before the Gulf war, might open next month.

However, they now say that they are still awaiting financial reports from the 56 listed companies - which cannot be prepared until the debt plan is approved.

Details of the buy-out are still being discussed by the National Council, Kuwait's interim assembly, and approval is expected by the end of March. The government is proposing to buy KD5.84bn (\$20bn) of debts from the banks

and finance houses in return for a special sale of government bonds.

Some KD1.9bn of the debt is a residue from the 1982 collapse of the informal *Souq al Manakha* stock market, the remainder being debts outstanding to banks before the Gulf war.

Once the debt scheme is approved, bourse officials say the market could reopen within weeks.

EUROPE

CAC-40 nears 2,000 at start of new account

THE CONTINENT started the week in a positive mood, though trading became increasingly technical, writes Our Markets Staff.

PARIS rose for the sixth consecutive day as the new account opened, but it came off the day's high on afternoon profit-taking. Dealers reported that a large US sell program hit the market just before the close. The CAC-40 index reached 1,993.44 at midday but closed at 1,975.82, up 14.15. Volume eased to FF3.6bn from FF4.5bn.

Dealers were divided about the CAC-40's chances of rising above 2,000 this week. The CAC-40 was last above 2,000 on July 20, 1990. Some were worried that the bourse was running out of steam and that there would not be enough volume to push the index through this chart resistance point.

Euro Disney rose another FF1.70 to FF154.70, with 775,900 shares following last week's news that it would replace Pernis in the CAC-40.

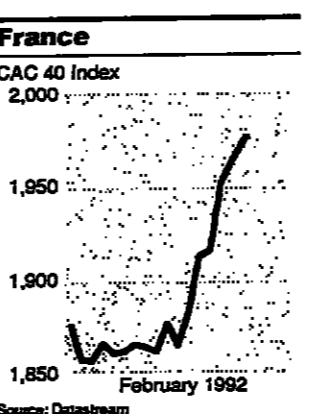
Cerus, the French holding company of the Italian entrepreneur Mr Carlo Benedetti, added FF5.20 to FF134.50 on rumours that a third party wanted a 10 per cent stake. Hachette and Matra advanced FF13.50 and FF15 respectively to FF166 and FF180 as investors searched for laggards.

FRANKFURT overcame a hesitant start and ended at another 15-month high. Dealers cautioned that the market was becoming too technical and had lost touch with fundamentals, such as the slowing economy and the increased cost pressure on earnings. The DAX index closed 11.47 higher at 1,729.10, while the FAZ index, calculated at mid-session, rose 5.32 to 701.95. Volume fell to DM6.9bn from DM8.6bn.

Via rose DM6.30 to DM378.90 after reporting an expected 20.5 per cent rise in 1991 profit. The mechanical engineering sector was also firmer with Preussag up DM4.80 to DM281.80 and Linde DM4 higher at DM87.

SOUTH AFRICA

JOHANNESBURG closed weaker on speculation over the timing of the referendum on political reforms. The overall index fell 25 to 3,511, matching a similar fall on the all-gold index which closed at 1,189. The industrial index shed 1 to 4,324.



Source: Datastream

MILAN was encouraged by good February inflation data and prices continued to firm in the after-market. The Comit index rose 0.51 to 540.08 in turnover estimated at L50bn after L54.5bn.

Eridania, which is about to come under the control of its French subsidiary Béghin-Say, saw its ordinary shares rise L266 or 4 per cent to L6,900, while its saving shares added

FT-SE Eurotrack 100 - Feb 24

Hourly changes		Day's High		Day's Low	
Open	Close	High	Low	High	Low
1158.55	1159.91	1163.03	1154.29	1164.35	1162.88
1162.46	1163.81				

Feb 21 1154.51 Feb 20 1149.62 Feb 19 1140.09 Feb 18 1143.83 Feb 17 1135.85

Base value 1000 (26/10/90).

L215 or 4.3 per cent to L5,240. Dealers said these gains reflected late demand on Friday and that volume was light.

Cementir fell another L16 to L2,495 as the stock's speculative premium evaporated. The stock has lost 10 per cent since last Thursday, when it became clear that Calatrone, Cementir's new majority shareholder, would not buy out minority shareholders.

MADRID rose on speculation that the central bank would cut interest rates today. The general index gained 1.40 to 260.35 in turnover estimated at Ptas12bn. Telefonica reversed some of last week's losses to end up Ptas40 or 3.6 per cent to

Ptas135.

AMSTERDAM consolidated after Friday's rally, as 1991 results due from Unilever today and Philips on Thursday kept activity low. The CBS Tendency Index edged up 0.1 to 126.2. KLM fell 40 cents to F140.10 in active trading following weekend reports that merger talks with B had reached a critical stage. Royal Dutch recovered from last week's poor results, moving up F11.6 to F143.40. Akzo, which reports 1991 results tomorrow, gained F1.20 to F145.50.

BRUSSELS rose to a 10-month high following a cut in the central bank's seven-day advances rate. The Bel-20 Index

gained 14.35, or 1.2 per cent, to 1,195.89 in turnover of BF1.25bn.

CBR, the cement group, put on BF400 to BF875.00 on speculation that SGB might sell its 43 per cent stake.

ZURICH closed firmer, though uncertainty over the direction of German and US interest rates made investors cautious. The all-share SPI index rose 3.8 to 1,139.5, having earlier reached a high of 1,140.1.

STOCKHOLM ended mixed in quiet trade, the Affarsvärlden General Index down 0.3 to 931.3. Astra free B-shares, having risen as high as SKr577, finished up SKr5 at SKr570. Ericsson free B's lost early gains and closed unchanged at SKr113.

HELSINKI waited for results from Repola and Nokia, due later in the week. The HEX index put on 7.9 to 935.9 in turnover of FM34.5m.

ISTANBUL fell to a three-month low, the 75-share index closing down 361.62 or 9.6 per cent to 3,503.59.

ASIA PACIFIC

Nikkei drops below 21,000 as yen falls against dollar

Tokyo

THE NIKKEI average fell below 21,000 as worries ahead of testimonies by a leading politician concerning a political bribery scandal, scheduled for today, and the dollar's rebound against the yen discouraged investors, writes Emiko Terano in Tokyo.

The index finished 318.57 down at 20,973.24 after opening at the day's high of 21,286.70 and hitting the day's low of 20,990.37 just before the close.

Turnover shrank to 130m shares from Friday's 200m, the lowest so far this year. Declines overwhelmed advances by 639 to 287, with 188 issues unchanged. The Topix index of all first section stocks lost 14.84 at 1,536.82, and in London the ISE/Nikkei 50 index eased 1.90 to 1,172.72.

News that Mr Zenko Suzuki, the former prime minister, will testify in today's parliamentary session regarding his involvement in a political bribery scandal prompted light selling.

Hopes of a cut in the discount rate, which had buoyed share prices last week, also receded, and rumours of a rise in the capital gains tax sent jitters through the market. Pessimism about the expiry of March futures contracts also prevailed.

Concern about corporate earnings depressed the high-technology sector. Nippondenso, a car air-conditioner maker with close ties with Toyota, weakened Y60 to

Y1,260 on reports of record low sales and pre-tax profits for the current year to March.

Companies predicting that they would fall into the red in the current year lost ground. Victor of Japan fell Y50 to Y1,110 and Ricoh Y13 to Y550.

Tokio Marine and Fire dipped Y20 to Y1,090 on reports that claims for typhoon damages would erode its earnings.

Speculative issues were among the few gainers of the day, on short-term buying. Clarion rose Y40 to Y1,230 and Nippon Carbon Y30 to Y1,920.

In Osaka, the OSE average slipped 5.19 to 22,673.97 in volume of 18m shares. Traders attributed 95 per cent of the activity to cross-trading ahead of the March book closing. Companies with connections to the Sumitomo group were brisky traded. Sanyo Electric, the day's busiest issue, held at Y48 and Sumitomo Chemical was flat at Y435.

Roundup

AUSTRALIA recorded its highest close for more than a month, while the rest of the Pacific Rim was mixed.

AUSTRALIA rose on optimism about tomorrow's economic statement. The All Ordinaries index gained 5.5 to 1,627.10 in turnover of A\$208m, against A\$235m.

CRA climbed 16 cents to A\$13.98; analysts said a weaker Australian dollar and hopes of an upturn in commodity prices was boosting the mining sector. Commonwealth Bank put on 7 cents to A\$7.30 after the

government said it did not plan to sell any of its 70 per cent holding.

HONG KONG slipped more than 30 points in the first hour of trading before rallying slightly. The Hang Seng index ended 20.85 off at 4,175.62 in turnover of HK\$1.6bn, down from HK\$2.1bn. Wharf Holdings retreated 30 cents to HK\$12.40 on rumours of an offer of Wharf warrants by Hong Kong Realty.

SEOUL eased as investors grew cautious ahead of the general election on March 24. The composite index shed 3.23 to 637.73 in 18.69m shares.

TAIWAN's weighted index, up 80 points initially, finished a net 4.55 down at 5,070.24 in turnover of T\$59bn. Reports that the central bank planned to remove its ban on foreign equity investment lifted financial stocks.

NEW ZEALAND fell as forestry stocks declined. The NZSE-40 index receded 10.14 to 1,489.55 in turnover of NZ\$41m. Fletcher Challenge shed 6 cents to NZ\$3.39 and Carter Holt Harvey eased 3 cents to NZ\$2.40.

MANILA's composite index rose 32.23 to 1,188.31 in volume of 18.82m shares. Philippine Long Distance Telephone gained 15 pesos to 885 pesos.

SINGAPORE was above the day's worst after late support, the Straits Times Industrial index losing 4.04 at 1,515.01 in volume of 54m shares (86m).

KUALA LUMPUR's composite index dipped 4.87 to 610.86 on profit-taking in volume of 65.3m shares (91.7m).

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood MacKenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS		MONDAY FEBRUARY 24 1992										FRIDAY FEBRUARY 21 1992										DOLLAR INDEX					
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change	Point	Starting Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Point	Starting Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Point	Starting Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	1989/92 High	1989/92 Low	Year ago (approx)
Australia (66)	144.88	-0.2	122.75	118.07	123.96	128.46	+0.2	4.30	144.88	123.04	117.95	124.33	128.25	180.31	112.74	133.58											
Austria (20)	185.68	+0.4	157.53	151.63	159.09	159.41	+0.3	1.81	184.98	158.98	150.49	158.64	158.86	222.37	153.86	218.75											
Belgium (45)	138.55	+0.2	117.85	113.08	118.71	118.17	+0.5	1.07	138.29	117.36	112.50	118.59	118.78	151.20	118.04	149.14											
Canada (115)	134.44	-0.2	114.08	109.71	115.18	115.56	+0.1	3.18	134.78	114.29	109.58	115.49	114.29	128.49	137.09												
Denmark (35)	247.83	-0.2	210.26	202.26	212.34	213.38	-0.3	1.86	248.22	210.86	201.94	212.87	218.07	273.94	217.74	268.97											
Finland (15)	96.55	-0.5	73.43	70.88	74.16	82.04	+0.6	2.42	87.01	73.84	70.79	74.82	82.57	125.15	73.32	114.43											
France (108)	154.33	+0.8	131.28	128.21	135.53	135.85	+0.7	3.27	153.39	130.17	124.78	131.53	134.36	154.71	131.11	141.93											
Germany (65)	118.88	+0.9	100.68	98.86	101.69	101.88	+0.8	2.27	117.96	99.85	95.74	100.00	100.90	125.35	94.11	124.26											
Hong Kong (55)	195.88	-0.5	169.01	168.88	167.68	164.87	-0.5	3.89	196.57	166.82	159.91	168.58	165.89	198.49	119.62	142.68											
India (16)	128.55	+0.2	109.68	108.85	110.18	110.18	+0.2	18.52	137.98	108.55	100.41	141.79	142.42	138.05	100.41	141.79											
Japan (175)	175.55	-0.8	84.16	81.73	84.91	89.46	+0.7	3.31	175.55	81.73	81.73	81.73	81.73	81.73	81.73	81.73											
Italy (473)	116.93	-1.3	99.22	95.33	100.21	95.43	-1.0	0.89	113.88	100.99	96.43	101.86	96.43	146.97	116.27	144.29											
Malaysia (58)	148.10	-0.8	120.48	120.48	212.56	247.27	+0.7	2.59	249.58	211.81	203.04	214.83	249.51	260.18	198.18	228.84											
Mexico (18)	249.30	+0.2	192.44	192.44	192.44	368.11	+0.2	0.99	169.41	143.71	137.82	142.62	169.82	199.11	134.45	191.01											
Netherlands (11)	150.68	-0.6	121.84	122.96	120.10	127.30	-0.3	2.91	150.68	122.96	120.10	127.30	122.96	120.10	127.30	122.96											
New Zealand (14)	165.32	-1.3	38.82	37.14	39.06	44.72	-0.9	6.14	46.12	39.14	37.52	39.55	45.15	54.84	41.18	48.77											
Norway (24)	48.23	-0.8	137.89	137.84	139.26	142.57	-0.7	1.72	138.45	139.12	139.08	140.18	143.61	223.24	157.08	205.30											
Spain (138)	226.13	+0.2	188.87	188.87	188.87	188.87	+0.2	2.51	187.89	188.87	188.87	188.87	188.87	188.87	188.87	188.87											
Singapore (81)	218.71	-1.1	185.58	178.48	187.38	176.08	-0.8	2.84	221.92	178.48	176.08	176.08	176.08	176.08	176.08	176.08											
South Africa (61)	165.52	+1.1	131.55	126.92	132.25	121.65	+0.9	4.55	175.55	128.48	125.09	131.85	125.56	171.12	131.85	191.40											
Sweden (25)	174.91	-0.1	148.39	142.74	149.58	154.71	+0.1	2.91	174.91	148.39	142.74	149.58	154.71	204.12	146.80	191.12											
Switzerland (39)	99.19	+0.7	84.15	80.93	85.00	91.89	+0.6	2.18	97.61	83.90	80.14	84.89	91.18	104.22	82.17	99.82											
Taiwan (233)	168.10	+0.7	145.59	145.59	152.18	152.18	+0.7	2.91	168.10	145.59	145.59	152.18	152.18	152.18	152.18	152.18											
USA (529)	168.10	+0.1	142.62	137.19	144.04	168.10	+0.1	2.91	167.97	142.62	136.57	147.97	167.97	171.58	125.95	146.01											
Europe (809)	145.10	+0.7	123.45	118.75	124.68	124.79	+0.8	3.87	145.11	122.63	117.56	123.93	124.02	161.52	125.50	145.04											
Nordic (100)	173.53	-0.1	147.31	141.64	147.77	148.94	-0.2	2.19	173.80	147.49	141.39	148.04	147.24	200.81	155.55	153.43											
Pacific Basin (717)	120.50	-1.2	102.23	99.34	103.25	99.38	-0.9	1.24	122.00	103.54	99.25	104.83	100.52	145.82	117.86	143.48											
Europe - Pacific (1526)	130.77	-0.4	110.95	106.71	112.04	110.17	-0.3	2.41	131.27	111.40	108.79	112.57	110.45	147.69	121.29	146.10											
North America (838)	165.96	+0.1	140.81	135.45	142.22	164.83	+0.3	2.82	165.76	140.87	134.87	142.18	164.31	189.66	125.91	140.03											
Europe Ex. UK (320)	130.77	-0.4	110.95	106.71	112.04	110.17	-0.3	2.41	131.27	111.40	108.79	112.57	110.45	147.69	121.29	146.10											
Japan Ex. Japan (224)	155.83	-0.4	132.04	127.02	133.36	133.86	-0.3	3.83	156.29	132.54	127.17	134.05	130.40	156.39	131.40	141.40											
World Ex. US (1720)	132.85	-0.4	112.07	108.42	113.83	112.67	-0.3	2.43	133.39	112.51	109.51	114.18	112.68	146.11	122.32	146.02											
World Ex. UK (2010)	140.44	-0.3	119.15	114.61	120.34	123.38	-0.2	2.35	140.64	118.82	114.28	119.15	120.79	127.58	150.08	120.08											
World Ex. US, Ex. A1, (2182)	143.26	-0.2	116.84	116.84	122.77	127.30	-0.2	2.62	143.33	121.61	116.76	123.10	128.30	193.05	122.87	145.88											
World Ex. Japan (1770)	155.23	-0.3	135.00	129.13	135.48	146.16	+0.3	2.38	155.81	134.71	131.11	135.21	146.77	161.90	128.89	148.25											
The World Index (2243)	143.74	-0.2	121.95	117.31	123.16	129.60	-0.1	2.62	144.01	122.21	117.16	123.15	128.74	173.30	123.28	148.21											